DOCUMENT RESUME

ED 381 661 CE 068 767

TITLE	Hearing on Job Opportunities and Basic Skills Act. Hearing before the Subcommittee on Postsecondary Education, Training and Life-Long Learning of the Committee on Economic and Educational Opportunities. House of Representatives, One Hundred Fourth Congress, First Session.
INSTITUTION	Congress of the U.S., Washington, DC. House Committee on Economic and Educational Opportunities.
REPORT NO	ISBN-0-16-046921-X
PUB DATE	19 Jan 95
NOTE	72p.; Serial No. 104-4.
AVAILABLE FROM	U.S. Government Printing Office, Superintendent of Documents, Congressional Sales Office, Washington, DC 20402.
PUB TYPE	Legal/Legislative/Regulatory Materials (090)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Educational Needs; Employment Programs; Federal Legislation; *Federal Programs; *Federal State Relationship; Hearings; Job Skills; *Job Training; Postsecondary Education; *Program Effectiveness; *State Programs; *Welfare Recipients
IDENTIFIERS	Congress 104th; *Job Opportunities and Basic Skills Program; Welfare Reform

ABSTRACT

This document records the oral and written testimony concerning the Job Opportunities and Basic Skills (JOBS) Act from a panel of witnesses representing health and human services and welfare departments in New Jersey, California, Wisconsin, and of program heads for employment development in those states. The witnesses, although having a variety of viewpoints, agreed generally on the following: an emphasis on job placement is necessary to reduce welfare rolls; short-term training should be given; and services such as child care are needed if parents are to obtain and keep jobs. The participants also expressed a need for states to have more flexibility and less paperwork in their JOBS programs so that they could respond to local conditions. Some panelists were more optimistic than others that welfare recipients could be phased off welfare rolls and into work within 2 years, as called for in recent proposals. (KC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

CE

HEARING ON JOB OPPORTUNITIES AND BASIC SKILLS ACT

ED 381 661

HEARING

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION, TRAINING AND LIFE-LONG LEARNING

OF THE

COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, JANUARY 19, 1995

Serial No. 104–4

Printed for the use of the Committee on Economic and Educational Opportunities

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

U.S. GOVERNMENT PRINTING OFFICE
88-238 CC WASHINGTON : 1995

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-046921-X

CE 062 767

BEST COPY AVAILABLE

COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES

WILLIAM F. GOODLING, Pennsylvania, *Chairman*

THOMAS E. PETRI, Wisconsin
MARGE ROUKEMA, New Jersey
STEVE GUNDERSON, Wisconsin
HARRIS W. FAWELL, Illinois
CASS BALLENGER, North Carolina
BILL E. BARRETT, Nebraska
RANDY "DUKE" CUNNINGHAM, California
PETER HOEKSTRA, Michigan
HOWARD P. "BUCK" McKEON, California
MICHAEL N. CASTLE, Delaware
JAN MEYERS, Kansas
SAM JOHNSON, Texas
JAMES M. TALENT, Missouri
JAMES C. GREENWOOD, Pennsylvania
TIM HUTCHINSON, Arkansas
JOSEPH K. KNOLLENBERG, Michigan
FRANK D. RIGGS, California
LINDSEY O. GRAHAM, South Carolina
DAVE WELDON, Florida
DAVID FUNDERBURK, North Carolina
MARK SOUDER, Indiana
DAVID McINTOSH, Indiana
CHARLIE NORWOOD, Georgia

WILLIAM (BILL) CLAY, Missouri
GEORGE MILLER, California
DALE E. KILDEE, Michigan
PAT WILLIAMS, Montana
MATTHEW G. MARTINEZ, California
MAJOR R. OWENS, New York
THOMAS C. SAWYER, Ohio
DONALD M. PAYNE, New Jersey
PATSY T. MINK, Hawaii
ROBERT E. ANDREWS, New Jersey
JACK REED, Rhode Island
TIM ROEMER, Indiana
ELIOT L. ENGEL, New York
XAVIER BECERRA, California
ROBERT C. "BOBBY" SCOTT, Virginia
GENE GREEN, Texas
LYNN C. WOOLSEY, California
CARLOS A. ROMERO–BARCELÓ, Puerto Rico
MEL REYNOLDS, Illinois

JAY EAGEN, *Staff Director*
GAIL E. WEISS, *Minority Staff Director*

SUBCOMMITTEE ON POSTSECONDARY EDUCATION AND LIFE-LONG LEARNING

HOWARD P. "BUCK" McKEON, California, *Chairman*

STEVE GUNDERSON, Wisconsin
DAVID M. McINTOSH, Indiana
WILLIAM F. GOODLING, Pennsylvania
THOMAS E. PETRI, Wisconsin
MARGE ROUKEMA, New Jersey
FRANK D. RIGGS, California
DAVID FUNDERBURK, North Carolina
MARK E. SOUDER, Indiana

PAT WILLIAMS, Montana
ROBERT E. ANDREWS, New Jersey
JACK REED, Rhode Island
TIM ROEMER, Indiana
GENE GREEN, Texas
LYNN C. WOOLSEY, California
CARLOS A. ROMERO–BARCELO, Puerto Rico

CONTENTS

	Page
Hearing held in Washington, DC, January 19, 1995	1
Statement of:	
Waldman, William, Commissioner, New Jersey Department of Human Services; Michael Genest, Deputy Director, Welfare Programs Division, California Department of Health and Human Services; Jean Rogers, Administrator, Division of Economic Support, Wisconsin Department of Health and Human Services; and Judith Gueron, President, Manpower Development and Research Corporation, New York, NY	4
Prepared statements, letters, supplemental materials, et cetera:	
Genest, Michael, Deputy Director, Welfare Programs Division, California Department of Health and Human Services, prepared statement of	16
Gueron, Judith, President, Manpower Development and Research Corporation, New York, NY, prepared statement of	28
Rogers, Jean, Administrator, Division of Economic Support, Wisconsin Department of Health and Human Services, prepared statement of	21
Waldman, William, Commissioner, New Jersey Department of Human Services, prepared statement of	10
Wolfe, Dr. Leslie R., President, Center for Women Policy Studies, Washington, DC	57

HEARING ON JOB OPPORTUNITIES AND BASIC SKILLS ACT

THURSDAY, JANUARY 19, 1995

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON POSTSECONDARY EDUCATION, TRAINING, AND LIFE-LONG LEARNING, COMMITTEE ON ECOMONIC AND EDUCATIONAL OPPORTUNITIES, *Washington, DC.*

The subcommittee met, pursuant to call, at 9:30 a.m., Room 2175, Rayburn House Office Building, Hon. Howard P. "Buck" McKeon, Chairman, presiding.

Members present: Representatives McKeon, Goodling [ex officio], Petri, Roukema, Riggs, Funderburk, Souder, Williams, Andrews, Reed, Roemer, Woolsey, and Romero-Barcelo.

Also present: Representative Payne.

Staff present: Jay Eagen, staff director; D'Arcy Philps, professional staff member; Mary Gardner Clagett, professional staff member; Ted Van Der Meid, counsel; Leigh Lanning, staff assistant; Cindy Van Gogh; Gail Weiss, Minority staff director; Michele Varnhagen, Minority labor counsel; Broderick Johnson, Minority counsel; and Rick Jerue, Minority legislative associate.

Chairman MCKEON. Good morning. In the tradition that your Chairman, Chairman Goodling, has set, we will start our meeting on time.

I want to begin this morning's hearing by welcoming our distinguished panel of witnesses. What we would like to do, I think, is have all of the witnesses at the table and we will have one panel. I look forward to hearing your testimony and to gaining from your insight as to how we can best reform this Nation's failing welfare system, moving welfare recipients from a life of dependency to one of work and self-sufficiency.

In particular, I want to welcome Mr. Michael Genest, deputy director of Welfare Programs Division of the California—my home State—Department of Social Services. He will give us an overview of Californians' experience with the JOBS Program and provide advice on how we should proceed with reform.

As this is the first meeting of the Postsecondary Education, Training, and Lifelong Learning Subcommittee, I want to take this time to welcome members on both sides of the aisle. I look forward to our working together in the coming two years. In particular, I look forward to working with our Ranking Minority Member of the subcommittee, Mr. Williams.

Somebody made the comment to me last night—or last night they were introducing me and said that I had been here two years now and I was a Chairman. The Ranking Member had been here

for many, many years, or the last chairman of this committee, I think, had waited 15 and 16 years to be chairman. It is funny how things work.

We do have some very significant and vitally important tasks ahead of us in this Congress such as reform of the work components of welfare, comprehensive reform of this Nation's work force preparation system, and reform of the Nation's student financial aid programs. I hope that we will be able to work on a bipartisan basis to greatly improve postsecondary education and work force training in our Nation.

Mr. Williams, welcome. Do you have an opening statement?

Mr. WILLIAMS. Thank you, Mr. Chairman, and let me welcome you as Chairman of this committee and commend and congratulate you and assure you publicly, as I have privately, that on this side we are committed to work with you and to our friends and colleagues on your side to try to develop appropriate solutions to some of the great problems that now face this committee, this Congress, the American people.

I appreciate you beginning in the bipartisan way in which you did, and I want respond in kind and want to do it in particular with reference to this problem of welfare. I think both parties at their most partisan have it wrong with regard to welfare. One party, ours, a party I love, the Democratic Party, has in the main tried to convince the American people that Republicans simply don't care about the poor. Democrats are wrong about that. And in their most partisan, the Republicans, most partisan, they have tried to convince the American people that Democrats don't care whether welfare recipients work. They are wrong about that.

It was the person who perhaps is considered the father of welfare, Franklin Roosevelt, who said when he created this series of Acts that has now become known as welfare, FDR said we must always remember that the end of a shovel is better than the end of a soup line. Democrats are for work.

Now the tragedy of welfare is that both sides try to get elected and reelected on it. There is not a lot of difference, it seems to me, between Democrats and Republicans or Americans generally with regard to what needs to be done about welfare. What we politicians and people in government must do, however, is stop trying to convince the American people that welfare has never changed. There have been extraordinary changes in welfare under Democrat Presidents, under Republican Presidents. We must stop trying to convince people that welfare is only an income maintenance program, that it doesn't have anything to do with getting a job. President after President, Congress after Congress, including just two Congresses ago, passed jobs legislation. In fact, the program is called JOBS, and it is connected to the welfare program.

It seems to me the primary difference—and one can demonstrate this with both public statements as well as voting records—the primary difference recently between Republicans and Democrats is that Republicans, for perfectly legitimate reasons, said, get people a job as quickly as possible and then get them off of welfare, and then Democrats have said get people a job but maintain them so that they can keep that job.

I personally believe Democrats have been proven to be correct about that, because the country has gone down the other road, and as one—and I'll conclude with this, Mr. Chairman—as one witness, a person who had been on welfare named Sherry Honkele, said at our full committee hearing yesterday—quote, "Meaningful welfare reform must recognize that without child care health care, and transportation, low-income mothers can't get and can't keep their jobs."

Finally, Mr. Chairman, the issue most recently has taken on this type of a debate: Can the States do it better than the Federal Government? Well, I don't know, but it was the States that begged the Federal Government to take this issue just two and a half decades ago. And so the Federal Government has taken it.

Do States need flexibility to deal with this issue? Absolutely, and they have a lot of flexibility now. But I have checked State after State, and States that have the most dramatic decrease in their welfare rates have the most dramatic increase in their poverty rates, and so this committee must take a close look at that phenomenon.

Mr. Chairman, again, as you have indicated continually since you have been in the Congress, let's try to set the partisanship aside, set the great coinage of politicians aside, and that is this challenge that we give to the other side to quit doing things wrong and see if we can't together do things right and try once again to reform America's system of welfare. I look forward to working with you, as do my colleagues.

Chairman MCKEON. Thank you very much.

We have two of our panelists here today that are from States of our members. I would like to ask Mr. Petri of Wisconsin and Mrs. Roukema of New Jersey to introduce their colleagues from their States.

Mr. PETRI. Thank you very much, Mr. Chairman, and I would like to join you in welcoming all the panelists and apologize for not being able to be here for all of your testimony. Your statements are part of the record, and I have been enjoying reading them. I have got another hearing in another room, and this is sort of the nature of our business.

I would like to particularly welcome Jean Rogers, who is the director of the Division of Economic Support and is a key player in our State's effort to play a leading role among the 50 States in the issue of welfare reform.

She has worked very well and aggressively with Gerry Whitburn, our director, who has now moved on to Massachusetts, and Gene Kussart, in devising a lot of initiatives she is going to be telling us about, and I think they have had to sometimes battle through a little bureaucratic paperwork here in Washington, despite what was said by the previous speaker.

I think our State may be an exception also to a statement which was made. We have had declining welfare rolls, and I think we have also had declining poverty rates. Wisconsin has not had a decline in welfare and an increase in poverty. So the facts in our case, at least, speak for themselves, and I am familiar with them, and the previous speaker was just dead wrong so far as our State is concerned.

In any event, welcome, and I am sure we all look forward to your testimony, Jean.

Mrs. ROUKEMA. Thank you, Mr. Chairman.

I certainly want to personally welcome our New Jersey Commissioner of Human Services, Mr. William Waldman. He has had an outstanding reputation and history in the State of New Jersey and I think can take credit, although he won't be so bold and immodest as to do this, but I think we can understand that he has had a significant role in the fact that New Jersey has been a pioneer in workfare and welfare reform efforts.

I hate to brag all the time, Mr. Chairman, about our State of New Jersey, but I have to point out, with Mr. Waldman here, that we can greatly benefit from the experience of New Jersey because New Jersey has indeed been a pioneer on the subject of job training and workfare.

Our history and our experience can be constructive because we have already been a laboratory for the changes that we are contemplating here today, and I would be assured that Mr. Waldman will raise not only—not only point us in the right direction but raise some red flags about what we may or may not want to consider in this legislation.

In any case, New Jersey having been the laboratory for innovation, I am sure that we can benefit from the New Jersey experience as we define the new federalism and we create a new relationship between the Federal role and the State role, and thank you, Mr. Waldman, for being here today, and we look forward to your testimony.

Chairman MCKEON. Thank you very much.

I really don't think she hates bragging about her State.

Mrs. ROUKEMA. Not really.

Chairman MCKEON. Okay, if we could hear then first from Mr. Waldman, then Mr. Genest, then Ms. Rogers, then Ms. Gueron. We will, after your testimony then, have questions from the committee.

Thank you.

STATEMENTS OF WILLIAM WALDMAN, COMMISSIONER, NEW JERSEY DEPARTMENT OF HUMAN SERVICES; MICHAEL GENEST, DEPUTY DIRECTOR, WELFARE PROGRAMS DIVISION, CALIFORNIA DEPARTMENT OF HEALTH AND HUMAN SERVICES; JEAN ROGERS, ADMINISTRATOR, DIVISION OF ECONOMIC SUPPORT, WISCONSIN DEPARTMENT OF HEALTH AND HUMAN SERVICES; AND JUDITH GUERON, PRESIDENT, MANPOWER DEVELOPMENT AND RESEARCH CORPORATION, NEW YORK, NEW YORK

Mr. WALDMAN. Thank you.

Good afternoon, Chairman McKeon and distinguished members of the committee. I am very pleased to speak with you today about New Jersey's experience in welfare reform.

Congresswoman Roukema, thank you so very much for that kind introduction, and it is a pleasure to work with you in New Jersey in this area.

It is a special pleasure for me today too, because in my own career and experience, I started as a welfare worker many years ago in an urban center in our State and have had some extensive direct

experience not just on the policy end of the program but in the actual operation of it.

As the Congresswoman indicated, we have been in the position of pioneering employment and training programs for welfare reform for almost 10 years in New Jersey. I believe that we do have an opportunity to share our insight as to how to best construct a welfare system that works for the Federal Government, for the States, for the recipients, and for our taxpayers. Our experience with welfare reform began in 1986 when we designed what is called a section 1115 waiver, a major change waiver, to operate a program we called REACH, or Realizing Economic Achievement. That program was based on the concept of mutual responsibility wherein we believed that the State of New Jersey had some responsibilities to provide the support services, such as child care and extended medical benefits and employment and training but the recipient had some strong responsibilities as well to participate and take advantage of those programs and get involved in meaningful economic development activities that would result in self-sufficiency.

We used a comprehensive local planning process to put the REACH Program together. Like in the country, as the States are different, some of our counties are different, and we permitted them the opportunity to tailor the program to take advantage of their particular strengths and their particular opportunities. Representatives from labor, from education, from welfare, and child care worked shoulder to shoulder to identify and change those areas that discourage welfare recipients from finding jobs.

In 1988 when the Family Support Act created the JOBS Program, we were prepared. We made some minor modifications to our REACH Program to include all the elements outlined in the Federal legislation. I believe the JOBS law confirmed that we were on the right path. It was the first time that the Federal Government emphasized using resources such as education and training for services that could lead to independence over cash assistance.

We made steady progress in JOBS. For State fiscal year 1992, the last year before we began a new welfare reform initiative, we had somewhat over 11,000 AFDC recipients in training, about 9,500 in educational activities, and 6,000 in job search, and 7,200 recipients found jobs and left the assistance rolls.

The REACH and JOBS Programs were important steps in the right direction, but they did fall short of comprehensive reform, so in 1991 we requested another section 1115 waiver to start our program we called the Family Development Program. We took somewhat of a new approach to welfare reform. One of the innovations that we used is, we believed that the family had to be the focus of our efforts and that each recipient had to have a family plan that not only focused exclusively on the wage earner but all the members of the family in an effort to break the intergenerational cycle of welfare and to deal with the problems that might derail someone's goals—family problems—goals for self-sufficiency.

We also, as the first State in the country, set a family cap. What our law does is prohibits additional cash assistance benefits to parents for children who are born 10 months after AFDC eligibility

has been established. There are some other States that are following our lead that are considering this particular action.

But at the same time—and often people don't recognize this about our State—our Family Development Program rewards work and encouraging families to stay together. For example, when an individual receiving welfare marries someone who is not the parent of the children receiving AFDC, the children continue to be eligible for benefits as long as the family income doesn't exceed 150 percent of the poverty level. We call this eliminating the marriage penalty. We are looking very closely at the effects of imposing the family cap and eliminating the marriage penalty.

Our State university, Rutgers University, in cooperation with the Federal Department of Health and Human Services and the Kaiser Family Foundation, are together conducting a comprehensive research and evaluation as to the impact of these provisions, and I think these will be very significant to look at when they are available in constructing Federal law. We believe we will have the results of the study this year. Although our preliminary analysis seems to indicate that the family cap has, in fact, reduced the AFDC birth rate, we see the real intent of this provision as promoting parental responsibility and encouraging people to responsible personal decision making.

We have also taken another important step in the Family Development Program to help individuals reach self-sufficiency. We have extended Medicaid coverage for an additional year beyond what is required in the JOBS bill so that someone who leaves welfare as a result of a job can have their coverage extended up to two years, and the reason we did that is that we found that many of the recipients who wanted to leave public assistance often initially got into jobs without benefits and we didn't want to put those recipients in that terrible position of choosing between continued economic self-sufficiency and getting access to medical care for a loved one.

We are proud of our success in the Family Development Program. Our results are that in our State fiscal year 1994 11,900 families left the welfare rolls for jobs, a 64 percent increase over previous statistics and data in this area, and the average wage for those who found employment in our State was $6.36 an hour, considerably above our minimum wage. For the same period 12,000 individuals, 8 percent more than before our program started, took part in training activities, 11,800 participated in educational activities, and there was a 24 percent increase and more than 5,000 people participated in actual job search.

Mr. Chairman, we don't claim to have all the answers in welfare reform, but obviously we found some approaches that work well in New Jersey, and given our demographic makeup we face some major hurdles. For example, a goodly percentage of low-income individuals and families in our State live in urban areas, and they are affected, as many of urban areas are, with crime, with substance abuse, with diminishing tax bases, with problems with affordable housing and a lack of jobs and educational opportunities. At the same time, we are rapidly becoming a high-tech State that demands a more educated and skilled work force, and we have at the same time the second highest per capita income in the country

and a very high cost of living, making it difficult for low-income individuals on assistance to earn truly a living wage.

Our experience also tells us that all welfare recipients aren't the same. No one employment and training strategy is going to fit the bill or work for all recipients. Our welfare population is very diverse in educational levels, in English speaking abilities, and work skills. We have many recipients who are functionally illiterate and some whose educational level is above the high school level. Some recipients have been employed and use welfare as a short stopover or stopgap between jobs, and there are those with little education and no job prospects that too often get into the trap of lifelong welfare dependence.

We think a good policy is to encourage those parents who are job ready to get back in the work force very quickly, and we want to provide education and training to those parents who won't get jobs without these resources. Most important, we want to work with the children of recipients to ensure that they avoid the welfare trap in the future.

To do all these things, we need your help and some major systems changes. We need laws to emphasize job search at the time of application for every applicant who has some work skills and experience. We do need, we believe, in New Jersey to continue to provide targeted education and job training for applicants who won't get jobs otherwise. We are interested in short-term education and training that is linked to a job. Our experience tells us that long-term education won't work unless the participant is highly motivated.

I have lived personally through several iterations of welfare reform, the original WIN Program and others, and my own view is, it is a good investment to invest in some of the training in jobs to get people. I don't think we have succeeded even though we may have made a lot of job placements in service industries that don't last and provide benefits. We certainly agree that all work has dignity, but to invest in long-term self-sufficiency requires, we believe, some modest investments in training and in education.

We must use also work experience programs which can be effective job preparation tools in concert with other interventions to ensure that welfare recipients get the schools that employers can use. We also have to recognize that some of the population we serve are affected by problems of substance abuse, mental illness, and others, and we can't let those individuals fall through the cracks. We must somehow provide for them either through welfare or other social programs that we have, and we have found, as was mentioned, that issues and supports like transportation, like child care, like parenting skills, like job skills and job readiness activities are very important. Some welfare recipients need these services to get and keep jobs.

The key to what I am saying is, an individualized approach that permits States to deal individually, but also requires an individual look at the recipients that we serve, to take advantage of their skills and to meet their individual needs, and we must give States the ability to design their system to meet their population's characteristics and their labor market. New Jersey's diversity demands a variety of nonprescriptive strategies.

I would also say that from the perspective of a manager of a large public department of 20,000 employees that has downsized by 25 percent over the last number of years, we just don't have the wherewithal any more to prepare and complete the extensive waivers and research and evaluation that are often required in making the kind of innovative changes that we thing work. Mandates on how many participants must be in the program do limit a State's ability to focus on the individual's needs. These limits also steer us away from helping participants finds jobs. We meet our participation rates, but the staff resources we must put into counting and calculating these job rates often robs us of the valuable time and resources we could use to achieve our innovations. We think we have to be accountable for the outcomes, and we think a performance-based outcome in the Federal law is a better way to go rather than prescriptive regulations as to how to get there.

These are our specific concerns with design and implementation of a welfare reform program. We also have some views on the strategy being proposed for overall funding. We strongly favor measures that remove the prescriptive Federal requirements and allow the States to develop initiatives without the need to go through the complex waiver processes. If these programs are incorporated into block grants, States must be assured some protection in the event there are prolonged economic downturns.

If this legislation is going to increase the work requirements, we would ask that you need to consider increasing the funding for those work requirements as well. The relatively low authorization for jobs and the high State match requirements limit a State's ability to use these funds. We can't turn welfare around unless we are given the opportunity to foster independence as an incentive through the Federal law through work rather than through dependence through welfare. Let's build on a system that is working rather than create a new one that may or may not work.

Additionally, while we support more work requirements for those receiving welfare, we are opposed to a national requirement that sets an absolute time limit on for benefits, a so-called two-years-and-out or five-years-and-out provision, and the reason is, we are not confident in our State that there will be sufficient private job market opportunities for the population no matter how hard we try and how much participation and cooperation we get.

One of the things we can do is require workfare if there is specified time for parents who have received training and education but are unable or unwilling to find jobs. I am confident that such a change in policy will result in many more families leaving the welfare rolls and becoming employed.

Workfare is costly, but if it is targeted it can be cost effective. It is also likely to engender greater public acceptance of our welfare system, and what I would recommend is, rather than a massive public jobs program, a targeted transitional program whose goal is to impart through that transition the skills that people need to get private, unsubsidized employment.

I don't think the public is opposed to welfare, I think they are opposed to people who abuse the system. Polls consistently show that the public is willing to spend more on programs that lead to work rather than dependency. In New Jersey we are examining our

own program to see how we can improve it and expand areas such as workfare.

Mr. Chairman, as you know, there are no simple solutions. A State's success or lack of success in welfare reform depends as much on its economy as its program design, but New Jersey stands ready to offer its help in this discussion and to assist with our experience and expertise in truly reforming welfare and reinvesting in our Nation's future.

Thank you so much for the opportunity to appear and testify before you today.

[The prepared statement of Mr. Waldman follows:]

United States House of Representatives
Committee on Economic and Educational Opportunity
Subcommittee on Postsecondary Education, Training and Life-Long Learning

Testimony on
Jobs Opportunities and Basic Skills Act

William Waldman, Commissioner
New Jersey Department of Human Services
January 19, 1995

Good afternoon, Chairman McKeon, and distinguished members of the Committee. I am very pleased to speak with you today about New Jersey's experience in welfare reform. I look forward to sharing our experiences with this Congress as it reconsiders the Federal government's role in welfare.

As you know, New Jersey pioneered employment and training programs for welfare reform almost ten years ago. I believe that we can offer you considerable insight into how best to construct a welfare system that works for the federal government, for states, for recipients, and for taxpayers.

Our experience with welfare reform began in 1986 when we designed an 1115 waiver for our first welfare reform program called REACH (Realizing Economic Achievement). REACH was based on the concept of "mutual responsibility."

"Mutual responsibility" means that both the State and the recipient have a role in moving the recipient to self sufficiency. The State is responsible for providing training, education, extended health benefits, and child care. The welfare recipient is responsible for participating fully in these programs, finding a job, and getting off welfare.

We used a comprehensive local planning process to put the REACH program together. Representatives from labor, education, welfare, and child care worked shoulder to shoulder to identify and change those areas that discouraged welfare recipients from finding jobs.

In 1988, when the federal Family Support Act created the JOBS program, we were prepared. We made minor modifications to our REACH program to include all the elements outlined in the federal legislation.

JOBS confirmed that we were on the right path. It was the first time the federal government emphasized using resources —such as education and training—for services that could lead to independence over cash assistance that leads to dependency.

We made steady progress in JOBS. For State Fiscal Year 1992, the last year before we began a new welfare reform initiative, 11,200 AFDC recipients were in training, 9,500 were in educational activities, 6,000 were in job search. And 7,200 recipients found jobs and left the assistance rolls.

But the REACH and JOBS, while important steps in the right direction, fell short of comprehensive reform. So, in 1991, we requested another 1115 waiver to start our Family Development Program, or FDP.

FDP takes a brand new approach to welfare reform. It uses a comprehensive family plan as its bottom line. This family plan specifies what each family member must do to move the entire family to self sufficiency.

FDP also sets a family cap; New Jersey was the first state to take such a step. This cap prohibits additional cash assistance benefits to parents for children who are born ten months after AFDC eligibility has been established.

At the same time, FDP rewards work and encourages families to stay together. For example, when an individual receiving AFDC marries someone who is not the parent of any of the children receiving AFDC, the children continue to be eligible for benefits as long as the total family income doesn't exceed 150 percent of the federal poverty level. We call this eliminating the marriage penalty.

We're looking closely at the effects of imposing the family cap and eliminating the marriage penalty. Rutgers University, in cooperation with the Department of Health and Human Services and the Kaiser Family Foundation, is conducting a comprehensive evaluation of these and other provisions.

We'll have the results of this study this year. Although our preliminary data analysis seems to indicate that the family cap has reduced the AFDC birth rate, we see the real intent of this provision as promoting parental responsibility.

We also taken another important step in the Family Development Program to help individuals to reach self sufficiency. We've extended Medicaid for 2 years after an individual leaves AFDC rather than 12 months as required by the federal government. We did this because we found that many more families—almost 20 percent more—were leaving AFDC for jobs that didn't provide health benefits.

As the adage goes "the proof is in the pudding." The FDP results tell the real story. In State Fiscal Year 1994, 11,900 families left AFDC for jobs—a 64 percent increase over pre-FDP statistics. The average wage for those who find employment is $6.36 an hour.

For this same period, 12,000 individuals—8 percent more than pre-FDP—took part in training activities; 11,800 participated in educational activities—a 24 percent increase over pre-FDP statistics; and more than 5,000 participated in job search.

FDP participation rates are rising steadily and we're seeing an increase in the number of cases we've closed because recipients found work.

Mr. Chairman, we don't claim to have all the answers in welfare reform, but obviously we've found some approaches that work well in New Jersey. And, given our demographic makeup, we've faced some major hurdles.

For example, most of our poor live in urban areas besieged by crime, drugs, a diminishing tax base, inadequate housing, and a lack of jobs and educational opportunities. We're rapidly becoming a high tech state that demands a more educated and skilled workforce—skills and education our low-income parents don't possess. And we have the second highest per capita income in the country and a very high cost of living, making it tougher for the poor to earn a "living wage."

Our experience also tells us that all welfare recipients aren't the same. No one employment and training strategy works for all recipients.

Our welfare population is extremely diverse in educational levels, English speaking abilities and work skills. We have many recipients who are functionally illiterate and some whose educational level is above the high school level. Some recipients have been employed and use welfare as a short stopover between jobs. Those with little education and no job prospects see welfare as a way of life.

We want to encourage parents who are job ready to get back in the workforce quickly. And we want to provide education and training to those parents who won't get jobs without these resources. Most important, we want to work with the children of recipients to ensure that they avoid the welfare trap altogether.

To do all these things, we need some major systems changes:

- We need to emphasize job search at the time of application for every applicant who has some work skills and experience.

- We need to provide targeted education and job training for applicants who won't get jobs otherwise. We're interested in short term education and training that's linked to a job. Our experience tells us that long-term education won't work unless the participant is highly motivated.

- We need to emphasize English proficiency for those who won't get jobs without it. This problem particularly affects states, such as New Jersey, with high immigration rates.

- We must use work experience programs—which can be effective job preparation tools—in concert with other interventions to ensure that welfare recipients get the skills employers can use.

- We must recognize that substance abuse, mental illness and anti-social behaviors keep people out of the workforce. Many people with these problems fall through the cracks. We must somehow provide for these individuals either inside or outside the welfare system.

- We have found that transportation, child care, parenting skills, life skills and job readiness activities are important. Welfare recipients need these services to get and keep jobs.

- We must give states the ability to design their systems to meet their population's characteristics and their labor market. New Jersey's diversity demands a variety of non-prescriptive intervention strategies.

- We must focus on outcomes.

  Mandates on how many participants must be in a program limit a state's ability to focus on the individual's needs. These limits als steer us away from helping participants find jobs.

  We meet our participation rates, but the staff resources we must put into counting and calculating these rates rob us of valuable time and resources. Make us accountable for the outcomes, not the process, and give us the flexibility to achieve those outcomes.

BEST COPY AVAILABLE

These are our specific concerns with design and implementation of a welfare reform program. But we also have some views on the strategies being proposed for overall funding.

Mr. Chairman, we need more flexibility from Washington to administer these programs.

We strongly favor measures that removes prescriptive federal requirements and allows states to develop initiatives without the need to go through the complex waiver process and the associated costly evaluation.

If these programs are incorporated into a block grant, states must be assured that they are not left holding the bag when there is an economic downturn. If this legislation is going to increase the work requirements, and we believe that it should, states will need increased funding in JOBS to save AFDC dollars later.

The low authorization for JOBS and the high state match required limits a state's ability to use these funds. We can't turn welfare around unless the federal government gives states more of an incentive to foster independence through work rather than dependence through welfare.

Let's build on a system that's working rather than create a new one that may, or may not, work.

Additionally, while we support more work requirements for those receiving welfare, we oppose a national requirement for all states to terminate families from welfare after a specified time limit.

Frankly, for some individuals, there may not be a job available in their state. Also, such a radical step isn't necessary. Alternatives exist. We can require workfare after a specified time for parents who have received training and education but are unable or unwilling to find jobs.

I'm confident that such a change in policy will result in many more families leaving the welfare rolls and becoming employed. Workfare is costly but if it's targeted it can be cost effective. It is also likely to engender greater public acceptance of our welfare system.

The American public isn't opposed to welfare. They're opposed to people who abuse the system. Polls consistently show that the public is willing to spend more on programs that lead to work rather than dependency.

In New Jersey, we're examining our own program to see how we may improve it or expand certain areas such as workfare.

Mr. Chairman, as you well know, there are no simple solutions. A state's success, or lack of success, in welfare reform depends as much on its economy as its program design. But New Jersey stands ready to offer its help in this discussion, and to assist, with our experience and expertise, in truly reforming welfare and reinvesting in our nation's future.

Thank you again for the opportunity to testify today.

88-238 O - 95 - 2

Chairman MCKEON. Thank you very much, Mr. Waldman.

I failed to mention before you started that your full—each of you, your full statements will be put in the record, and if you would care to just highlight them or summarize, we would appreciate that and we will use the time for questions.

Mr. Genest.

Mr. GENEST. Thank you, Mr. Chairman and members of the committee, for inviting me here today. I will take your advice. You have got my written testimony so I will just provide a brief oral summary.

We have been involved in work-to-welfare programs in California extensively since 1986. That is when we developed the program known as the Greater Avenues for Independence Program, one of the precursors, I believe, to the Federal JOBS Program, and we think we have learned several lessons. It sounds like we have learned some of the same lessons that New Jersey has learned.

First and foremost, our experience has shown that the JOBS Program, or California's GAIN Program, can play an important role as part of an overall welfare reform strategy. I would emphasize, we don't see work-to-welfare programs as the panacea to all the needs in the welfare area, but it is an important and can be a very effective strategy to deal with some of those needs.

What we have also learned though, thanks to Ms. Gueron's evaluation in the MDRC report of our four California counties that were extensively studied, is that the GAIN Program, and I believe the other State's jobs programs, can only be successful when it is strongly focused on employment. I would cite Riverside County as evidence for that, and the MDRC report goes into some detail as to what caused that in Riverside County, but basically I think the main thing that sets Riverside apart and makes it the most effective welfare-to-work program ever rigorously studied in this country is the management, the staff, the providers of service, and the participants all keep their attention focused on that one goal of getting a job. I think that job focus is, more than anything, responsible for why Riverside County returned $2.84 of savings for every taxpayer dollar of cost.

The flip side of that, the other lesson that I think we have learned, is that stressing long-term education and long-term training as opposed to stressing immediate job placement or early job placement does not work. I would cite our Alameda County, which was also part of the MDRC report, as evidence of that. In Alameda County, they had less than a quarter of the job placements for single parent households that Riverside achieved, and there has been some speculation as to whether it was the underlying economy or various other factors.

The MDRC report I think clearly shows that no, it is not that. The problem is that in Alameda County they truly did focus on long-term educational involvement to the exclusion of an emphasis on an immediate job, and that is why their program failed, and that is why it returned only 45 cents in savings for every dollar of taxpayer investment, not an acceptable return on investment.

We think that these two points are an important message for you and State policy makers as we all look at the next wave of welfare reform. Probably the most important message is, we need to avoid

long-term, open-ended stays in program components that provide little or no contact with the local labor market. Participants who show a need for educational or training services should receive the services but in a manner that is directly connected to skills that they need to get a job.

Employment programs also must be offered with a strong sense of mutual obligation between the government and the recipient. For example, State and local administrators do need to be held accountable for spending the money in such a way as to give the recipient the best chance of getting a job. We need to be held accountable for that. Recipients, though, in their turn, need to be held accountable for making the best use of the opportunities that are given them and for taking jobs and for looking for jobs.

We strongly support the proposal in the Contract With America that would allow States to design their own work programs. In fact, we support what we hope is an emerging consensus in the Congress to greatly increase State flexibility in all welfare programs because, as I said earlier, we don't see JOBS or GAIN or any work-to-welfare service program as the sole strategy that needs to be employed, so we think we need flexibility throughout the AFDC Program.

At the same time, I understand that if we ask you for more flexibility, you have a right to ask us to be accountable for what we do with taxpayer funds, and we are more than willing in California to be held accountable.

Let me just close by giving an example of what we will do with the flexibility that we have or the success we have had to date. Governor Wilson recognizes the importance of programs like GAIN and, in fact, has expanded funding in California for those programs, the State funding, by 70 percent in recent years. We have also worked closely with our counties with financial incentives and training programs to try to get them, in essence, to emulate Riverside and to become more work oriented, and I think we have seen some good results. In the last State fiscal year we experienced a 56 percent increase in job placements in our GAIN Program Statewide, and that is a good example of what we would hold up as how you can hold us accountable.

I would only say in closing that when it comes to the JOBS Program itself, I would urge you to resist the temptation to hold us accountable by means such as participation rates because just as General Motors doesn't make a profit because their workers are busy, they make a profit because their workers make cars, we need to be held accountable for the result of our actions, not just getting a lot of people to do a lot of things but putting a lot of people in jobs.

So that concludes my remarks, and I do want to reemphasize that we think State flexibility is important and we are willing to be held accountable.

[The prepared statement of Mr. Genest follows:]

TESTIMONY OF MICHAEL CENEST
DEPUTY DIRECTOR, WELFARE PROGRAMS DIVISION
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES
BEFORE THE
HOUSE ECONOMIC AND EDUCATIONAL OPPORTUNITY COMMITTEE
SUBCOMMITTEE ON POST SECONDARY EDUCATION,
TRAINING AND LIFELONG LEARNING
U.S. HOUSE OF REPRESENTATIVES
JANUARY 19, 1995

Thank you Mr. Chairman and members of the Committee for inviting me here today to discuss California's views on the Job Opportunities and Basic Skills (JOBS) Training Program, which in California is known as the Greater Avenues for Independence (GAIN) Program. We have been operating GAIN since 1986, and in doing so have learned some important lessons that we believe your committee, and Congress as a whole, must consider as you deal with the important issues of welfare reform. In California, we have merged our efforts with the GAIN Program into Governor Wilson's overall welfare reform strategy, which is aimed at emphasizing the value of work and includes clear financial incentives for recipients to choose work as the means to achieve economic independence.

Our experience has shown that the JOBS program, if run effectively, can play an important part in the effort to move welfare recipients away from dependency on government assistance to self sufficiency. Our GAIN Program has been subject to a rigorous evaluation conducted by the Manpower Demonstration Research Corporation (MDRC). The final impact report from this study was issued last June. The results of this evaluation clearly show that in order to be successful, GAIN and other state JOBS programs must be strongly focused on the goal of employment. Services must be oriented towards the participant obtaining a job as quickly as possible. Everyone involved in the program, including program administrators, line staff, service providers, and participants, must always maintain a clear understanding of this goal. As I am sure you know, the MDRC data shows that the highest impacts in GAIN - which were also higher than any previous welfare-to-work program ever studied in the country - were achieved in Riverside County, which places a very strong employment emphasis on all aspects of its program. Riverside not only produced the highest impacts on job placements and grant reductions, but did so while saving taxpayers $2.84 for every dollar invested in its program.

The MDRC data also shows that programs stressing longer-term education and training versus early job placement have not been as effective. For example, in Alameda County, which places a strong emphasis on extended educational activities, grant savings for single parents were nearly four times less than those that occurred in Riverside over the three year study period. Alameda's program also had a return of only $.45 for every dollar invested by the government. While it is true that Alameda worked with a more long-term caseload, the report discounts this factor as a reason for the different impacts. Instead, Riverside's success is shown to be the result of its clear employment message and job development efforts, a heavier use of recipient job search, and a stronger reinforcement of the mandatory nature of the program.

We believe this provides an extremely important message to state and federal policy makers. In designing a national welfare reform strategy, particularly in the context of time-limited aid, it is critical that we avoid long, open-ended stays in program components that provide little or no contact with the local labor market. Participants who show a need for educational or training services must receive those services in a manner that is directly connected to the skills needed to get a job. Whenever possible, educational services should be provided concurrently with training. This would make the educational experience more relevant for the participant - and keep the focus on the goal of getting a job.

BEST COPY AVAILABLE

Employment programs must also be offered with a strong sense of mutual obligation between the government and the welfare recipient. State and local administrators should be held responsible for using program dollars to provide the services recipients need to locate and compete for jobs. In turn, welfare recipients must be required to follow through on the employment services made available to them - with *clear penalties* for those who do not. It is extremely important to change the culture of applying for or receiving welfare by setting the expectation that applicants or recipients make every effort to join or rejoin the workforce as soon as possible. Exemption and deferral criteria must be narrowly defined and limited just to those individuals who are truly unable to work or benefit from the program.

It is also critical that states be given maximum flexibility in designing their own welfare-to-work programs. A program design that serves the need of California may not be appropriate for a state with different resources, caseload size, and economic conditions. We strongly support the proposal in the Contract for America that would allow states to design their own work programs. With this flexibility, states could tailor services as appropriate to ensure that recipients move along the most direct path to self-sufficiency. We realize that along with this flexibility would come the need to hold states accountable for the success of their programs. We would have no problem with this - so long as this accountability is defined in terms of clear program outcomes - the number of recipients who obtain jobs - and we have the opportunity to structure a program without federal interference that will allow us to achieve these outcomes. In California, we would use this flexibility to operate GAIN together with the various AFDC work incentives enacted by Governor Wilson to place recipients into real jobs as quickly as possible.

Governor Wilson recognizes the importance of programs like JOBS/GAIN in his overall plan to reform welfare, and we have worked hard to utilize the lessons we have learned to make our GAIN Program as successful as possible. Even with the serious fiscal hardships faced by California, the Governor has increased state funding for GAIN by over seventy percent. We have worked with our counties to use this funding to focus on improved program outcomes. As a result, job placements obtained through the GAIN Program were increased by over 50 percent in State Fiscal Year 1993/94. This is evidence of what states can do when they utilize their resources effectively and apply the correct focus on their efforts. We urge you and the other committees considering welfare reform to allow us to have the flexibility, and the resources, that will permit us to continue this effort. Working together, we can develop a strong program that truly works for participants, administrators, and the community.

Thank you.

BEST COPY AVAILABLE

Chairman MCKEON. Thank you, Mr. Genest.

We just got a call for a vote, and these votes now are shortened, and rather than break in the middle, it would probably be good if we went and voted now and then we will come right back and appreciate your patience with us.

Thank you.

[Recess.]

Chairman MCKEON. We are undergoing quite an educational process here among ourselves. I just voted yes on the Journal for the first time. I have never seen the Journal.

Okay, Ms. Rogers, can we begin with you please.

Ms. ROGERS. Thank you, Mr. Chairman. It is my pleasure to share with you what we have learned in Wisconsin about effective welfare-to-work programs.

Under Governor Thompson's leadership, we have conducted 14 separate welfare-to-work experiments since 1987 and in the process have reduced our case load by 25 percent. At the same time, case loads have increased nationally by more than 35 percent over that same period. There is no other State in the Nation that can claim such success.

Allow me to first begin, if I may, by summarizing what we have come to understand are the seven essential components of an effective JOBS Program.

Think positively. Assume people have the ability to manage their lives and get and hold a job. If you have confidence in me, I'll have confidence in me.

Number two, make self-sufficiency through employment the immediate and ongoing goal of those receiving temporary welfare assistance.

Number three, strive for universal participation and challenging activities which parallel the conditions of actual employment; for example, through the use of a simulated work week.

Four, don't let participants fall through the cracks. Make sure that systems are set up to track individual progress and assure participation.

Five, get programs focused on early employment using job search, work experience, and short-term occupational skills training. Deemphasize remedial and postsecondary education.

Six, make funding of JOBS Program operators dependent on actual performance, and encourage healthy competition among them.

Seven, transform the culture of the welfare office by mobilizing the workers to help individuals in need find an alternative to welfare beginning the day they apply.

Wisconsin is very much in favor of obtaining more flexibility in the JOBS Program. If we were able to design our program without the existing statutory restrictions, here are some specific changes we would at a minimum consider.

We would help people who come to us find employment or alternatives to cash assistance before their application is approved and they begin down the path of welfare dependency.

We have discovered in our early county pilots that many individuals can be helped to maintain their economic independence in this way, and we would like to make cooperation in such efforts at self-sufficiency a requirement of eligibility for welfare in the first place.

However, under current law this sensible approach requires a Federal waiver.

We would also like to make participation in JOBS more like a real job. Employers say that a positive attitude and good work habits are the characteristics that they most seek when making hiring decisions. Therefore, we would pay cash assistance only for hours of successful completion of program activities, making participation in JOBS much like a wage. This is currently allowed only for two-parent families, except with another Federal waiver.

We would also like to encourage greater use of active private employment as preparation to fully unsubsidized employment. Our experience shows that diverting some welfare funds to temporarily help cover the wage and other costs with a private employer is far more effective than placing the same individual in a government education or training program alone. In fact, we are more than twice as successful at placing individuals in employment after participation in subsidized employment with a private company than we are in placing individuals who have participated in any of our educational components, and yet the current wage subsidy provision of the AFDC law called work supplementation is extraordinarily complex, leading to a low response rate by businesses. For instance, the law says an employer cannot accept a subsidized employee in any existing position. Instead, the employer has to create an entirely new position. This is unreasonable.

Also, we might like to use a simple procedure giving clients vouchers for wage subsidies. Instead, there is a very complicated process for a business to claim wage subsidies under the current law.

These are just some of the restrictions which make running the JOBS Program less effective than it could be. More importantly, without a block grant of some kind, it will not be possible to truly transform the nature of the welfare program from one of cash assistance to one of work.

We recommend that one block grant be created that contains all the existing funding for AFDC and JOBS. We should no longer run a straight cash assistance program of any kind. All cash assistance should be conditioned by work. Therefore, it does not make sense to fund a separate cash assistance program which is not merged with the work program. The block grant, which is being considered by the Ways and Means Committee as part of the Contract With America does meet this basic condition.

Governor Thompson's approach to welfare reform is one of common sense and the belief that everyone can make a positive contribution to society. He believes in people, believes that with a little help now and then they can be self-sufficient, and they and their children will be happier and healthier as a result.

Beyond our belief that a block grant is the best approach for administering the successor to the failed AFDC Program, Governor Thompson also believes that Congress should set some basic principles in place to assure that welfare is truly transformed into a transitional work program. What are these fundamental principles? There are four.

First, we must end indefinite cash assistance. The absence of time limits on the receipt of welfare benefits contributes substan-

tially to the current culture of welfare dependency. To change this debilitating environment, Congress should end indefinite cash assistance to able adults. Definite, reasonable time limits on the receipt of cash assistance will immediately change the expectations and behavior of recipients in the existing welfare system.

Second, only work should pay. Real welfare reform must end the practice of providing cash assistance to able adults without asking for a social contribution through work in return. Everybody is capable of making some contribution, however modest, through work.

The Congress should require that States operate programs where able parents who are receiving temporary cash assistance are required to work as a condition of receipt. Such a condition does not exclude the possibility that participants could also attend education and training activities, but job preparation should always be provided in conjunction with required work.

Third, we have to take steps to reduce illegitimacy. With illegitimate births having reached nearly one in three of all new births nationwide, we have no alternative. Congress would be turning its back on America's children if its welfare reform fails to challenge States to confront illegitimacy.

Therefore, cash assistance should not be increased to those who have additional children while on welfare. Working parents must budget for additional children without receiving a pay increase, and although it is a modest amount, increasing welfare benefits to those who cannot provide for the children they already have sends the wrong message.

In addition, Congress should recognize that it is not healthy for children to grow up without adult supervision. Moms who are children themselves should not be allowed to set up separate households but, rather, should live under supervised conditions such as in group homes or with qualified foster parents.

Finally, we should fund States, not individuals. As long as the Federal Government continues to provide program funding through individual entitlements, governors and State legislatures will not be free to devise innovative solutions to ending dependency. Instead, the courts will gradually expand benefits and guarantees to individuals which may have been intended by the authors of the legislation.

Thank you for listening to my presentation on welfare reform, Wisconsin style.

[The prepared statement of Ms. Rogers follows:]

J. JEAN ROGERS
ADMINISTRATOR
DIVISION OF ECONOMIC SUPPORT
DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Good morning. My name is Jean Rogers and I am the Administrator of the Division of Economic Support at the Wisconsin Department of Health and Social Services. My Division administers the welfare and job training programs in Wisconsin. I would like to begin by thanking the honorable chairman for the opportunity to speak to you today and to recognize the two distinguished members on this panel from the Wisconsin congressional delegation -- Congressmen Gunderson and Petri.

It will be a pleasure to share with you what we have learned in Wisconsin about effective welfare-to-work programs, and how we think Congress can improve the welfare system.

Under Governor Thompson's leadership we have conducted 14 welfare to work experiments, and in the process have reduced our caseload by 25 percent. At the same time, caseloads have increased nationally by more than 35 percent over the same period.

Allow me to first begin by summarizing what we have come to understand as the essential components of an effective JOBS program.

1) Think positively -- assume people have the ability to manage their lives and get and hold a job -- if you have confidence in me, I'll have confidence in me;

2) Make self-sufficiency through employment the immediate and ongoing goal of those receiving temporary welfare assistance;

3) Strive for universal participation in challenging activities which parallel the conditions of actual employment, for example through the use of a simulated work week;

4) Don't allow participants to fall through the cracks - - assure that systems are set up to track individual progress and assure participation;

5) Get programs focused on early employment using job search, work experience and short term occupational skills training. De-emphasize remedial and post-secondary education;

6) Make funding of jobs program operators dependent on actual performance, and encourage healthy competition among them; and

7) Transform the culture of the welfare office by mobilizing the bureaucracy to help individuals in need find alternatives to welfare, beginning the day they apply.

This last goal was recently affirmed by one of our long time Economic Support workers who recently said to me . . . "Gosh, I love this. I even feel better about myself now that I'm not just handing out checks anymore. We should have been doing this all along. I didn't think I was supposed to."

She was referring to her new role as a Work First program Financial Planner. Rather than simply determining eligibility, we are asking staff to say "How can we help keep you from needing welfare?" rather than "Here's your government check."

I would be glad to go into these principles in more detail later if members of the committee express interest.

Wisconsin is very much in favor of obtaining more flexibility in the JOBS program. If we were able to design our program without the existing statutory restrictions on program design, here are some specific changes we would, at a minimum, consider:

We would help individuals in need find employment or alternatives to cash assistance before their application is approved and they begin down the path of welfare dependency. We have discovered in our early county pilots that many individuals can be helped to maintain their economic independence this way, and we would like to make cooperation in such efforts to avoid welfare a requirement of eligibility for welfare in the first place. However, under current law this sensible approach requires a federal waiver.

We would also like to make participation in JOBS more like a real job. Employers say that a positive attitude and good work habits are the characteristics that they most seek when making hiring decisions. Therefore we would pay cash assistance only for hours of successful completion of program activities, making participation in JOBS much like a wage. This is currently allowed only for two parent families -- except with another federal waiver.

We would also like to encourage greater use of actual private employment as preparation to fully unsubsidized employment. Experience shows that diverting some welfare funds to temporarily help cover the wage and other costs with a private employer is far more effective than placing the same individual in a government education or training program. For instance, we are more than twice as successful at placing individuals in employment after participation in subsidized employment with a private company, than we are in placing individuals who have participated in any education component (source: JAR p. 36). And yet the current wage subsidy provision of the AFDC law (work supplementation) is extraordinarily complex, leading to a low response rate by businesses. For instance, the law says an employer cannot accept a subsidized employee in any unfilled position in his or her company; instead, the employer has to create an entirely new position. This is unreasonable. Also, we might like to use a simple procedure giving clients vouchers for wage subsidies; instead there is a very complicated process for a business to claim wage subsidies.

These are just some of the restrictions which make running the JOBS program less effective than it could be. But more important than any one of these restrictive provisions on the JOBS program, is that without a block grant of some kind it will not be possible to truly transform the nature of the welfare program from one of cash assistance to one of work.

We are enthusiastic about the proposal to consolidate the several hundred categorical grants into a small number of large grants administered by the states. The current system is burdened by unnecessary complexities and an inability to adapt to regional needs and changing economic dynamics. It discourages state innovation and the development of coordinated community-based programs.

To establish the fourteen (14) welfare reform demonstration projects in Wisconsin, we have needed to get 179 different waivers from the federal government. We have spent

as much time weaving through the bureaucratic maze in Washington as we have administering the programs to our clients.

Block grants will give states the flexibility they need to fashion programs based on their individual characteristics. They will encourage innovation, enhance administrative savings and ultimately foster greater public trust.

Specifically, block grants will allow governors to reinvent government in a manner that will:

- ensure that government resources will be invested in local priorities;
- focus investments on programs that produce measurable results;
- eliminate programs that are not effective;
- invest in prevention as well as treatment;
- involve local communities and participants in program development;
- inspire partnerships between government, non-profits and business;
- eliminate unnecessary administrative overhead; and
- allow for better coordination of services.

We recommend that one block grant be created that contains all the existing funding for AFDC and JOBS. We should no longer run a straight cash assistance program of any kind; all cash assistance should be conditioned by work. Therefore it does not make sense to fund a separate cash assistance program which is not merged with the work program. The block grant which is being considered by the Ways and Means Committee as part of the Contract With America meets this basic condition.

The value of merging cash assistance with work requirements is demonstrated in the Job Center network we have established in Wisconsin. Recognized by the federal Department of Labor as a model for their One Stop Career Center, our Job Centers are predicated on the notion that customer service in government is accomplished through collaboration.

JOBS, JTPA, Job Service, the technical colleges and economic support have all joined this effort. Often even housed at a single facility, these groups break down barriers that either confuse our clients or provide convenient ways for them to avoid taking action. It is a lot easier to skip an appointment next week Tuesday across town than it is to skip one that is set up immediately across the hall.

Governor Thompson's approach to welfare reform is one of common sense, and the belief that everyone can make a positive contribution to society. He believes in people -- believes that with a little help now and then they can be self-sufficient -- and they and their children will be happier and healthier as a result.

Wisconsin has experienced an incredible decline in our welfare rolls. Since Governor Thompson took office in 1987, we have seen a 25 percent decrease while the national average over this same time was a 35 percent increase.

How have we done this? Our critics claim that it is simply due to a strong economy. To that, we respond that Wisconsin's economy is strong and good jobs are available. But we ranked 13th in unemployment during this time and the twelve (12)

states with better unemployment rates shared an increase in the welfare rolls to mirror the national trend.

The people of Wisconsin own a strong work ethic, and the Governor has designed his demonstration projects to reflect our state's commitment to work, education, family and responsibility.

But while this has worked in Wisconsin, Governor Thompson believes that it may take another approach to help the citizens of Mississippi or Wyoming find the path to self sufficiency. We adhere to the notion that states are truly the laboratories of democracy, and that any attempt to provide a "one size fits all" program for each of us is counterproductive.

Beyond our belief that a block grant is the best approach for administering the successor to the failed AFDC program, Governor Thompson also believes that Congress should set some basic principles in place to assure that welfare is truly transformed into a transitional work program. What are these fundamental principles? There are four.

First we must **end indefinite cash assistance.** The absence of time-limits on the receipt of welfare benefits contributes substantially to the current culture of welfare dependency. To change this debilitating environment, Congress should end indefinite cash assistance to able adults. Definite, reasonable time-limits on the receipt of cash assistance will immediately change the expectations and behavior of recipients and the existing welfare system.

The current Contract With America allows states to provide cash for too long -- a maximum of five years. Such a lengthy period allows able bodied adults to get used to dependency while they could be working. Nor is five years necessary to prepare for a job. A two-year limit should be placed on benefits, with a state option for less.

Second, **only work should pay**. Real welfare reform must end the practice of providing cash assistance to able adults without asking for a social contribution through work in return. Everybody is capable of making some contribution, however modest, through work. The Congress should require that states operate programs where able parents who are receiving temporary cash assistance are required to work as a condition of receiving them. Such a provision does not exclude the possibility that participants could also attend education and training activities- - but job preparation should always be provided in conjunction with required work.

At least 20 hours of work per week should be a condition for receiving benefits for all able heads of household. If such a requirement cannot be implemented nationally all at once, it should be phased in by applying it first to all new welfare applicants, then to the existing caseload.

The proposal in the contract anticipates that only 2 percent of the caseload would be required to work in 1996, increasing to 50 percent in 2003. While designed to give states an easy start, the provision is too modest to fundamentally change the system anytime soon.

Third, we have to take steps to **reduce illegitimacy**. With illegitimate births having reached nearly one in three of all new births nationwide, we have no alternative,

BEST COPY AVAILABLE

Congress would be turning its back on America's children if its welfare reform fails to challenge states to confront illegitimacy.

Therefore, cash assistance should not be increased to those who have additional children while on welfare. Working parents must budget for additional children without receiving a pay increase, and although it's a modest amount, increasing welfare benefits to those who cannot provide financially sends the wrong message.

In addition, Congress should recognize that it is not healthy for children to grow up in poverty without adult supervision. Moms who are children themselves should not be allowed to set up separate households, but rather should live under supervised conditions such as in group homes or with qualified foster parents.

Finally, we should **fund states, not individuals**. As long as the federal government continues to provide program funding through individual entitlements, governors and state legislatures will not be free to devise innovative solutions to ending dependency. Instead, the courts will gradually expand benefits and guarantees to individuals which may not have been anticipated by the authors of the legislation.

Congress must end the concept of individual entitlement to welfare benefits. States should be allowed to determine welfare eligibility and design programs that achieve the broad goals set forth by Congress. Consistent with this concept, Congress should further expand program flexibility by allowing states to transfer up to 50 percent of their funds between block grant programs, an increase over the 20 percent transfer anticipated by the contract.

The 104th Congress has a historic opportunity to depart dramatically from a half century of failed welfare policy. Congress needs to be bold, and to challenge the states to pursue fundamental principles of reform that actually work. Our Governor thinks these principles which I have outlined will do just that.

Chairman MCKEON. Thank you very much.

Ms. Gueron.

Ms. GUERON. Thank you.

I'm Judy Gueron, president of the Manpower Demonstration Research Corporation, and I much appreciate the opportunity to appear before you today, and I will also summarize my testimony since the full document will be in the record.

My remarks focus on why welfare-to-work mandates have been central elements of reform for the past 30 years and why they will be critical to the success of reforms under discussion in 1995.

AFDC was explicitly created in 1935 to help single mothers, then primarily widows, stay out of the labor force and home with their children. The goal was to reduce child poverty, and the possibility of long-term receipt at that point for this group was accepted. But since then much has changed. Women have flooded into the labor market, and mothers on welfare are now largely unmarried. Providing long-term support is clearly much less popular. The public wants change, but it also wants reforms to satisfy two conflicting goals, providing a safety net under children and requiring that their parents work.

Starting in the late 1960s and in 1988 with the creation of the JOBS Program under the Family Support Act, Congress and the States crafted a new basic compromise in an attempt to reconcile these two goals, protecting children and parents working.

Welfare should be reformed and transformed in a no strings attached entitlement—if you were poor, you got money—to a program where families could continue to get support but parents would have to participate in some work-directed activity or work for their benefits.

Effecting this transformation has not been easy. Nonetheless, there is an unusually reliable record showing that change can be successfully implemented and that jobs can be a fourfold winner: Helping to meet society's two goals, providing more money for children and getting parents to substitute work for welfare, generating budget savings, and making welfare more consistent with public values.

The best evidence comes from the recently completed study of California's GAIN Program that Mr. Genest referred to earlier. At its most successful in Riverside County, which sets really a new benchmark for jobs potential, GAIN produced a 50 percent increase in earnings and a 50 percent decline in welfare outlays, therefore returning taxpayers almost three dollars for every dollar sent on the program. That is an astonishing accomplishment for a social program. Throughout the State, the results were only half that level, throughout the California State.

Riverside's program was distinguished by a few features: Its pervasive emphasis on getting people a job quickly; its strong reliance on job clubs, but substantial use of basic education; its tough enforcement of a participation requirement, getting about 60 percent of people into some activity; its close links to the private sector; and its cost-conscious and outcome-focused management style.

Studies suggest that different JOBS Programs will have different results and therefore people with different goals can see success in different approaches. Job clubs can get people into employment

quickly and save taxpayers money, but they don't improve job quality and may not succeed with the most disadvantaged. Adding some skills training will cost taxpayers more but in some cases can lead to better jobs for some people and may make a greater long-term difference in earnings. Programs that favor quick employment but also include some human capital development services still focused on work can combine the benefits of both strategies.

As for mandatory work for benefits programs, often called workfare, in strictly budgetary terms these don't appear from past studies to save money, but they have almost always been at small scale. However, they do provide a means to maintain a safety net for children while sending a pro-work signal to their parents and producing socially useful work. To save child care costs, States in the past have often limited the hours of work required in such programs.

Bringing the JOBS system nationwide up to the standard of high performance could respond to the public's interest in changing the nature of welfare and is a vital prerequisite to making a time limit either with some form of mandatory work at the end or with all support ending to making that feasible and affordable. This is because it seems to me that from a State perspective the risk of time limits will be very high unless more people leave welfare before reaching the limit. The challenge in Washington is to assure that the resources, incentives, and knowledge are there to make this investment feasible, and the challenge in the States is to change the JOBS Program in ways that will realize its potential.

Efforts to reform welfare must also confront the limited work potential of some welfare recipients. Contrary to the stereotype, many welfare recipients do work, some while they are still on welfare. For example, 57 percent of the people in the GAIN study worked at some point during the three years after entering the program. But as shown in another study, the National Supported Work Demonstration, even people normally considered unemployable have been able to work under close supervision in protective but expensive work settings, but often they were not able to find unsubsidized work.

The number of welfare recipients who can't work or could work only with special support is not clear, but clearly their existence will constrain efforts to get very high rates of participation in JOBS activities or workfare positions and will be a major issue for administrators implementing time limited approaches.

One final word about the welfare debate itself. As you move forward, it will be critical not to overpromise about the likely success of reform. Helping the public understand what level of change is attainable might break the cycle of cynicism that has resulted from past waves of welfare reform.

Thank you.

[The prepared statement of Ms. Gueron follows:]

January 19, 1995

TESTIMONY OF JUDITH M. GUERON
PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORPORATION
before the
SUBCOMMITTEE ON POSTSECONDARY EDUCATION, TRAINING, AND LIFE-LONG LEARNING
HOUSE COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITY

SUMMARY OF PRINCIPAL POINTS

Why have welfare-to-work mandates been the focus of reform efforts for the past 30 years, and why will they be critical to the success of the reforms under discussion in 1995?

AFDC was explicitly created in 1935 to help single mothers (primarily widows) stay out of the labor force and take care of their children. The goal was to reduce child poverty, and the possibility of long-term welfare receipt was accepted. Since then, much has changed: Women flooded the labor market and mothers on welfare are now mainly unmarried. Providing long-term support is much less popular.

While the public wants change, it also wants reform to satisfy two conflicting goals: providing a safety net under children and requiring that their parents work. Starting in the late 1960s, and in 1988 with creation of the JOBS program, Congress and the states crafted a new basic compromise to reconcile these goals: Welfare should be transformed from a no-strings-attached entitlement (if you were poor, you got money) to a program where families would continue to get support, but parents would have to participate in some work-directed activity or work for their benefits. Effecting this transformation has not been easy. Nonetheless, there is an unusually reliable record showing that change can be successfully implemented and that JOBS can be a four-fold winner: helping to meet society's two goals (providing more money for children and substituting work for welfare by their parents), generating budget savings, and making welfare more consistent with public values.

The best evidence comes from a recently completed study of California's JOBS program, called GAIN. At its most successful, in Riverside County -- which sets a benchmark for JOBS' potential -- GAIN produced a 50 percent increase in earnings and a 15 percent decline in welfare outlays, thereby returning taxpayers almost $3 for every $1 spent to run the program. (Throughout the state, the results were about half that level.) Riverside's program was distinguished by its pervasive emphasis on getting people a job quickly, its strong reliance on job clubs but substantial use of basic education, its tough enforcement of a participation requirement (getting about 60 percent of people into some activity), its close links to the private sector, and its cost-conscious and outcome-focused management style.

Studies suggest that different JOBS approaches achieve different results. Job clubs can get people into employment quickly and save taxpayers money, but do not improve job quality or succeed with the more disadvantaged. Adding some skills training will cost taxpayers more, but can lead to better jobs and may make a greater long-term difference in earnings. Programs that favor quick employment but also include some human capital development services can combine the benefits of both strategies. As for mandatory work-for-benefits programs ("workfare"), in strictly budgetary terms, these do not appear to pay off, and they have almost always been small-scale. However, they provide a means to

BEST COPY AVAILABLE

maintain a safety net for children while sending a pro-work signal to parents and producing socially useful work. To save child care costs, states have often limited the work hours in such programs.

Bringing the JOBS system nationwide up to the standard of high-performance programs can respond to the public's interest in changing the nature of welfare and is a vital prerequisite to making a time limit -- either with some form of mandatory work at the end or with all support simply ending -- feasible and affordable. This is because, from a state perspective, the risk of time limits will be high unless more people leave welfare before reaching the limit. The challenge in Washington is to assure that the resources, incentives, and knowledge are there to make this investment feasible; the challenge in the states is to change JOBS in ways that make a reality of its potential.

One final word about the welfare reform debate. It will be critical not to overpromise about the likely success of reform. Helping the public understand what level of change is attainable might break the cycle of cynicism that has resulted from past waves of welfare reform.

88-238 O - 95 - 3

JUDITH M. GUERON

Good morning. I am Judith Gueron, President of the Manpower Demonstration Research Corporation (MDRC). I appreciate the opportunity to appear before this Committee today to present what is known about the effectiveness of the Job Opportunities and Basic Skills Training (JOBS) Program created by the Family Support Act of 1988 (FSA).

Background: Adding a Participation Requirement to an Entitlement

As background, it is critical to recall why a work strategy has been at the forefront of welfare reform efforts for the past 30 years, and why current proposals make the success of this approach even more vital.

The welfare reform debate in this country reflects a dilemma identified as long ago as the Seventeenth-Century English Poor Laws: Is it possible to assist poor people without, by that very act, giving them incentives for behavior that perpetuates poverty and dependency? In particular, is it possible to provide support for employable people without discouraging work?

This reform dilemma arises because, as a nation, we have two conflicting goals for welfare. First, Americans do not want children to be poor, and thus our first goal is to reduce child poverty. The most direct way to do this is to provide the parents of poor children with money. But, second, Americans also think that parents should be working and supporting their children. One way to encourage this is to reduce welfare benefits so that work is the only reliable alternative to starvation.

However, children and their parents are a tied sale: You cannot help one without helping the other. Thus, it is hard to get tough on parents and yet continue to provide a safety net to support their children. When the federal government began providing income assistance to poor families, as part of the Social Security Act of 1935, times were different and, for single mothers, the public placed primary emphasis on the first objective. Thus, the Aid to Families with Dependent Children (AFDC) Program was explicitly created to help single mothers stay *out* of the labor force and take care of their children. One researcher, Gilbert Steiner of the Brookings Institution, has called AFDC's enactment a national commitment to the idea that a woman's place is in the home. The public thought this was fair because, at that time, fewer middle-class women were working and because AFDC supported a popular group (primarily widows or the wives of disabled workers). People did not care if welfare reduced this group's work effort (they intended it to) or remarriage rate. Contrary to what you hear, individual welfare entitlements were not meant to be temporary.

However, with the extraordinary tripling of labor force participation by women over the last 40 years, the public no longer thinks it is fair to support poor single mothers, when other women are working for little money and often not by choice. That welfare mothers are now more likely to have had children outside of marriage adds to their unpopularity.

Beyond equity issues, the public is concerned that welfare creates perverse incentives and worries that if you pay for something, you will get more of it. The fear is that a welfare system that provides funds mainly to women who are single mothers promotes illegitimacy by enabling women to support their children without depending on men. While the research record is not clear on how much welfare has promoted single and unwed motherhood, the concern persists.

These developments undermined support for the original idea that welfare should provide an alternative to paid work. Instead, a new basic compromise was forged: A mandatory welfare-to-work strategy was added, and the notion of welfare as temporary and transitional was introduced. Under this approach,

BEST COPY AVAILABLE

Congress has maintained the basic AFDC safety net, but added work-related mandates in an effort to mitigate the unintended consequences that might flow from providing assistance. In effect, AFDC was changed from a no-strings-attached entitlement – if you were poor, you got money – into a reciprocal obligation, under which, to get full income support, people would have to participate in some work-directed activity or work itself.

The attractiveness of the work strategy was its promise to reconcile society's two goals. Yes, families (and thus children) would continue to get income, but that income would be reduced unless the parents took steps toward work. The hope was that new requirements would simultaneously change the values conveyed by the welfare system, make welfare less attractive, and provide services that would speed the transition to self-support.

The general approach was that welfare recipients would have to participate in activities designed to help them get an unsubsidized job – activities such as job search, education, skills training, or unpaid work – or risk losing some share of their welfare benefits. Since 1967, there have been several visions of how to make this mandate real. Under the Work Incentive (WIN) Program during the 1980s, the emphasis was on getting women with school-aged children to look for work. Research showed that the resulting relatively low-cost job search programs could be cost-effective, but that many people remained on welfare and those who went to work got low-paying jobs. This led to a more ambitious focus in JOBS: extending the mandate to women with younger children and providing a mix of services – with an emphasis on education and training – in an effort to further promote work, reduce poverty, and decrease long-term dependency. While some people emphasized that WIN and JOBS involved participation in employment-enhancing activities, others argued that those who were not successful in finding regular jobs would have to work in government-created community service positions in order to receive continued income support. Most recently, advocates of the latter approach propose setting a firm limit on the length of time people could receive employment services, after which the only option for continued public support would be some form of work.

Over the past 25 years, states have struggled to make a conditional entitlement real. This has proven difficult. Where successfully implemented, such programs have increased work and reduced reliance on welfare but, alone, these programs do not appear to work miracles. Does this mixed experience suggest that it is time to abandon the basic compromise of the welfare-to-work strategy?

In this testimony, I argue that the answer is a compelling "no," and that, quite to the contrary, our nation should now redouble its efforts to make this transformation succeed. This is because work strategies still offer the best hope for reconciling society's dual goals and containing costs. Moreover, if we care about protecting children, successful welfare-to-work programs will be even more urgent if Congress or some states decide to place time limits on welfare (followed either by work or a cutoff in all income support).

What Challenges Do Welfare Administrators Face in Transforming AFDC?

Administrators face four challenges in transforming AFDC into a work-focused mandate that moves people permanently from welfare to work. The first is resources. Enforcing participation requires an up-front investment in staff (to connect people to services, monitor their participation, review reasons for nonparticipation, and cut grants if people do not play by the rules); in providing activities (job clubs, work slots, etc.) that are sufficiently plentiful to give teeth to the mandate; and in child care, transportation, and other support services so that AFDC mothers can participate.

The second is changing the culture of JOBS program offices, and possibly welfare payment offices as well. Laws are made in Washington and state capitals, but policy becomes real in the exchange between welfare staff and recipients. The past focus on rooting out fraud and abuse has put the accurate determination of people's eligibility for benefits at the top of the agenda in most welfare offices; getting them into jobs has been something of an afterthought. Moreover, efforts to change this have often left staff overwhelmed and confused: They are told to provide in-depth support and to closely monitor recipients, but have caseloads of several hundred; they are given contradictory goals of simultaneously transforming people's earning capacity and getting them jobs quickly; they are told to get jobs for potential long-term recipients, but not how they might accomplish this. Changing the culture in JOBS offices will require clear priorities, adequate staff, and sufficient resources.

The third challenge concerns the women themselves. AFDC recipients are an extremely diverse group, with some being highly employable and others being close to disabled, although not eligible for Supplement Security Income (SSI) benefits. A recent survey of people who were targeted for the JOBS program in selected sites shows that between a quarter and half lacked prior work experience, at least a third had extremely low literacy skills, and more than a quarter said they could not participate at that point in time because they or their child had a health or emotional problem. (The share unable to participate would have been larger if the survey had covered *all* AFDC recipients, i.e., including those not currently subject to the JOBS mandate.) But, somewhat surprisingly, the same survey shows that welfare recipients support the idea of participation mandates. Furthermore, the vast majority say that it is fair to make people on welfare get a job, even if they do not want to.

The final challenge, which affects the ability of any work-focused mandate to succeed, comes from the job market and economic incentives facing welfare recipients. In pushing recipients to work, and equipping them for it, states have been swimming upstream against the strong current of declining wages for the low-skilled. The combination of the low wages they command and the perverse rules of the welfare, Medicaid, and child care systems – where people can be worse off working than on welfare – means that welfare recipients have little economic incentive to work.

These last two challenges – low skills and little economic incentive to work – help explain why welfare recipients who take jobs often leave or lose them quickly.

Was JOBS Implemented? Has JOBS Failed?

Reports from the General Accounting Office, the Rockefeller Institute of Government at the State University of New York, and MDRC show huge variability in the success of states in implementing a work-focused mandate. JOBS was supposed to provide both carrots and sticks: offering employment-directed services, but requiring that people participate and take steps toward self-sufficiency. In 1988, the public was led to expect that the new legislation would fundamentally change the message and character of welfare and reduce the rolls. In some places, as a result of JOBS, welfare is now very different; but in many places, it is not. The reasons are clear: States had little knowledge of how to implement high-performance programs; there was no consensus on goals and the means to reach these goals; and, most importantly, JOBS programs did not have the resources to make the mandate real for most of the AFDC caseload, especially since the program was implemented during a recession that drove up the rolls and limited states' ability to provide the match to draw down available federal funds. As a result, JOBS has provided some new education and training services for welfare recipients, and states have largely met the participation targets set by Congress. But in many places it operates as a voluntary program, which clearly was not the intent of the Family Support Act.

BEST COPY AVAILABLE

While the national experience is mixed, studies have identified clear examples of excellence. JOBS programs that have successfully implemented a participation mandate, changed the nature of welfare, and gotten many welfare recipients to substitute earnings for AFDC payments. I will turn to the findings in a minute, but the larger lesson I want to stress now is that we know that JOBS can do much more than it has so far accomplished. In this area, we act on knowledge, not hope. The challenge is to learn from and build upon the more successful programs.

Would JOBS Matter in a World of Time-Limited Welfare?

Is this worth doing? Does JOBS have a role in an era of time limits and cut-offs? Making JOBS-type programs work better can not only respond to the public's dissatisfaction with no-strings-attached assistance, but is also vital to making a time limit – either with some form of mandatory work at the end or with all support simply ending – feasible and affordable, and reducing the misery involved in such a transformation.

I say this because, from a state perspective, it seems that the risk of a time limit will be too high unless more people than is now the case leave welfare *before* reaching the limit. If not, too many people will "hit the cliff" and either require subsidized work, which will cost the public more than cash welfare, or face a dramatic loss of income, with unknown effects on families and children and, ultimately, public budgets.

Thus, building high-performance JOBS programs is not an alternative to, but a prerequisite for, any form of time-limited welfare. The challenge in Washington is to assure that the resources, incentives, and knowledge are there to make this investment feasible; the challenge in the states is to make a reality out of JOBS' potential.

If JOBS Remains Critical, What Is Its Potential?

Successful JOBS programs can impose a real participation mandate, increase employment, and reduce welfare costs.

1. **JOBS' potential to implement a participation mandate**

It is easy, sitting in Washington, to assume that anything less than 100 percent participation means that administrators are not taking the JOBS mandate seriously. But if legislation is to reflect reality, it is critical to understand why this is not a reasonable goal, even for the toughest administrators, those committed to getting everyone to participate.

The best evidence on maximum feasible participation comes from two large-scale special demonstrations conducted during the 1980s – the San Diego SWIM Demonstration and a West Virginia work-for-benefits demonstration for men in two-parent welfare cases – that had adequate funds and an explicit goal and desire to get everyone to do something. Other evidence comes from studies of current JOBS programs that emphasize participation and are not reticent about imposing sanctions. These include the JOBS programs in Riverside (California), Kent County (Michigan), Columbus (Ohio), and Portland (Oregon).

The SWIM and West Virginia studies show that, in a typical month and by working with *all* people subject to the mandate – and in San Diego, spending about $1500 on each person – administrators could

get 50 to 60 percent of them either to be active in the program or to hold an unsubsidized job (usually part time) while remaining on welfare. The reasons for nonparticipation varied: Some people were waiting to begin an activity, some were excused because of temporary illnesses or to care for a disabled child, some were considered unemployable, some had grants too low to warrant work-for-benefits assignments, and others were having their grants reduced (i.e., they were being sanctioned) for noncooperation.

2. JOBS' potential to change behavior and save money

MDRC has recently completed an eight-year, six-county study of 37,000 people in California's GAIN program, the nation's largest JOBS program, which shows several models of success. While, on average, GAIN succeeded in increasing earnings and reducing welfare benefits, impacts were at least twice the average — and, indeed, the most impressive measured to date — in Riverside County. There, GAIN led to a 26 percent increase in the share of AFDC recipients working, a 50 percent increase in average earnings, and a 15 percent decline in welfare outlays, all of which helped the program return to taxpayers almost $3 for every $1 spent to run the program. Riverside produced dramatic results for all groups in the caseload, including very long-term recipients (who were on welfare continuously for at least six years), people with poor educational skills, and people with preschool-age children.

Riverside's program and the GAIN programs in San Diego and Butte counties proved to be triple winners. In terms of society's two goals for reform, which I mentioned earlier, they increased both the income of welfare families (getting more money to children) and people's self-sufficiency (by getting parents to substitute earnings for welfare). In the process, they also saved money for taxpayers by generating measured budget savings that actually exceeded (or, in the case of Butte, equaled) the up-front investment in operating the program. Not many social programs can match these accomplishments.

While these findings are impressive, Riverside's GAIN program has not eliminated welfare or transformed the earnings potential of welfare recipients. More people got jobs than would have gotten them without the program, and got them sooner, but they were usually not "better" jobs and families were rarely boosted out of poverty. Three years after enrolling in Riverside GAIN, 41 percent of people were still receiving welfare benefits, although some of these were working and receiving reduced grants.

What Explains Riverside's Success?

Real-world JOBS programs are complex amalgams of work-directed services, management style, operational decisions, available resources, and local environments. Success hinges to a large degree on what activities are provided (job search, work experience, education, or training), how they are targeted (serving a few people versus requiring that all must participate), and the manner in which they are provided (the message, the management, and the mandate).

Riverside provides one version of a high-performance JOBS program. In testimony last year, I characterized their tough and conservative version of the JOBS program as follows:

> More than any other place I know of, this program communicates a message of high expectations. When you walk into a GAIN office in Riverside, you are there for one purpose: to get a job. At orientation, job developers announce job openings; throughout, program staff convey an upbeat message about the value of work and people's potential to succeed. If you are in an education program — and about half of Riverside GAIN

participants are – you are not marking time, as you can in some locations. You know that if you do not complete the program, or at least make progress in it, staff who are closely monitoring your progress will insist that you look for a job.

The Riverside program simultaneously included a number of features:

- Priority on the JOBS program by the most senior officials in the agency.
- A strong commitment and adequate resources to serve the full mandatory population (not just those who volunteer or appear to be more job-ready).
- A pervasive emphasis on getting a job quickly, even a job that is relatively low-paying and even for people placed in education and training activities.
- A mixed strategy, emphasizing structured job search ("job clubs"), but also making substantial use of basic education.
- The active use of job developers to establish a close link to private sector employers and to help recipients locate work.
- A willingness to use sanctions (i.e., grant cuts) to enforce the participation mandate.
- A cost-conscious management style, reflecting a recognition that time is money and that moving people quickly toward the goal of employment will increase the program's cost-effectiveness.
- An outcome-focused management style, including job placement standards for case managers.

Can You Replicate the Riverside Results? Can You Do Better?

At this time, it is unclear whether Riverside's success can be replicated in diverse communities around the country, particularly in inner city areas. The average JOBS program lags far behind and will have to change considerably to deliver on the program's potential. However, it is clear that the techniques used – and the economic conditions – were not so exotic as to suggest that other localities could not adapt them to strengthen their own programs. Indeed, other programs that have been or are being evaluated – SWIM in San Diego, the Center for Employment Training (CET) in San Jose, several of the sites in the national JOBS evaluation – appear to be successfully using some of the same techniques.

If the rest of the nation's JOBS programs could attain similar results – an objective that the nation's governors appear eager to pursue – the welfare-to-work bargain that has been the cornerstone of the new welfare compromise would indeed achieve a transformation of welfare. Moreover, a number of factors might further improve JOBS effectiveness: if the financial incentives facing welfare recipients were more pro-work; if there were a different balance of services; if there were more assistance to people once they began work in order to reduce the high rate at which they quit or lose their jobs and return to welfare; or if it were clear that, after a certain period of time, people still on welfare would have to work for their benefits.

How Much Should Programs Emphasize Education and Training Versus Quick Job Placement?

One's judgment about the success or failure of any particular JOBS strategy depends in large part on one's goals for welfare reform. Thus, what the appropriate balance is between building human capital and emphasizing quick employment depends on what one hopes to get out of JOBS.

BEST COPY AVAILABLE

During the 1980s, under the WIN program, most states ran low-cost programs requiring mothers to look for a job and, in some cases, work for their benefits in workfare positions. In addition to reinforcing the social values of work and self-sufficiency – an overarching purpose of all work-focused mandates – the primary goals were to get people into jobs quickly and to reduce welfare costs. Numerous studies indicate that structured job search programs met these goals, but only to a modest extent. They clearly got more people working, and working sooner, and they saved taxpayers money. But they did not get people into jobs that paid better than those they would have found on their own. Nor, critically, did they increase the self-sufficiency of long-term welfare recipients – the people on whom the most is spent.

The JOBS program included job search and workfare, but went beyond this to emphasize the use of education and training. These more costly services were intended to make longer-term recipients more employable and to pave the way to higher-paying jobs that might more readily move people off welfare, thereby saving taxpayers money in the long run and reducing poverty. All JOBS programs involve a *mixed strategy* – some education and training and some job search – but they vary in the degree to which they emphasize an immediate push to employment or an investment in developing human capital.

There are no completed studies that isolate the success of basic education or vocational skills training in the context of a mandatory JOBS program. But the GAIN study of six California counties provides some lessons. It shows that there was no clear link between the extent to which a county required people to spend time in basic education and the extent to which their academic skills improved (as measured by standardized tests) or their earnings increased. Yet it is hard to think that the extensive use of basic education in Riverside did not play some role in explaining why that program did so much better, particularly for long-term recipients, than the work-focused, job-search-only programs of the 1980s. Even if the education provided did not improve test scores, it may have had an indirect effect on people's self-confidence and unmeasured skills, factors that made subsequent job search services more effective. Findings from Alameda County (including the city of Oakland) and an earlier study in Baltimore suggest that heavy use of vocational skills training may be one reason these programs got some people better jobs or had longer-lasting earnings impacts. These same two studies also showed that, in contrast to job search (where most of the benefits go to taxpayers), most of the benefits of training go to the trainees, and budget savings are less likely to offset the investment in services.

In summary, the available findings suggest that there are trade-offs along the continuum from an essentially job search/job club program, to one that emphasizes quick employment but also includes some education and training, to one that includes some job search but emphasizes education and training, with a goal of getting people into higher wage jobs.

Job clubs get people into employment quickly and save taxpayers money, but do not get people into jobs with higher wages than those they would have found on their own, or succeed with the more disadvantaged. Programs focused on getting people higher-wage jobs cost taxpayers money, but can increase job quality and may make a greater long-term difference in the earnings of some recipients. Programs that favor quick employment but also include some human capital development services can combine the benefits of both strategies. They can make welfare recipients somewhat better off, save taxpayers money, and change the employment behavior of some of the more disadvantaged recipients.

The extent to which a program succeeds and is cost-effective, however, depends not only on the mix of services, but also on the quality of implementation. Spending a lot is not enough to assure success; spending a little is not enough to assure savings. Managing resources (recognizing that time is money)

BEST COPY AVAILABLE

is central, no matter what the program's goals. In Riverside, managing for success meant providing a range of services but having one clear goal, controlling costs, and stressing performance in all activities.

While cost-conscious management can pay off, the research also provides a clear warning against spreading program resources very thin, as can happen, for example, in environments where hard-pressed administrators have to stretch limited resources over increasing numbers of welfare recipients. There is a threshold of resources below which a mandatory program may produce small welfare savings (through sanctions and the "hassle factor") but is unlikely to increase people's employment and earnings.

What Do We Know About the Feasibility and Effectiveness of Work-for-Benefits ("Workfare") Programs?

Some of the current reform proposals call for large-scale, work-for-benefits programs (usually referred to as "workfare"), either as a substitute for JOBS or for people who have not found work despite two years of access to JOBS. Hard knowledge about such programs is limited and comes mostly from studies of small-scale programs implemented during the 1980s. These show a mixed record.

On the positive side, the studies suggest that it is feasible to get people to work for their grants, that they view work assignments as fair, and that they do real work. Furthermore, the value of the work produced offsets the approximately $2000 to $4000 annual cost per filled slot, excluding the cost of child care. Thus, such programs provided an alternative way to support children. On the other hand, repeatedly, states have had trouble developing large numbers of work sites and have found that some welfare recipients were unable to work, with the result that programs were almost always much smaller than anticipated. The very limited evidence that is available suggests that, under these conditions, mandatory unpaid work did not develop people's skills and did not prompt people to move more rapidly into unsubsidized employment or deter them from applying for welfare. It is possible that large-scale, universal, ongoing work requirements before or after a time limit might have a much larger effect on the rolls, but since this model has never been rigorously tested -- with the exception of a program for men in West Virginia -- its effectiveness remains unknown.

Since the workfare programs that were tested did not appear to reduce the welfare rolls, studies concluded that, in strictly budgetary terms -- i.e., ignoring the value of the work performed -- sending people a small check was probably cheaper than providing them with a non-market way to earn it. This is because free labor is not really free: It costs money to develop, manage, and monitor work sites, and to provide child care to people while they are working. Because of the high potential costs, some states structured the work obligation to limit the demand for child care by imposing only a three-month work obligation, setting the number of required hours of work per week to fit around the school schedule, or exempting mothers of preschool children.

While work-for-benefits programs may not save money, if they could be implemented at scale they would be a means to deliver on the welfare-to-work strategy's potential for maintaining a safety net of funded support for children while sending a more socially acceptable, pro-work signal to parents. A recent Kaiser Family Foundation/Harvard University poll shows the public's strong support for such an outcome.

Conclusion

For 30 years, Congress has responded to the public's clear desire to change welfare from a no-strings

attached entitlement to a transitional program that requires that many people on welfare participate in work-focused activities. This has proven difficult to do and, as a result, some are arguing that JOBS has not worked and should be discarded. This would be a serious mistake. Across the country, states and localities have moved along the road toward changing welfare and have put in place many of the building blocks of reform. Research on JOBS programs does not suggest that they offer miracle cures. But we do not have comparably reliable evidence of alternative approaches that work better than the nation's most promising JOBS programs in substituting earnings for welfare while saving money for taxpayers and continuing to provide a safety net for children whose parents cannot or will not work.

We now know that JOBS can succeed in changing welfare so that it feels more temporary and communicates different values. If welfare offices throughout the country were communicating the same new message and having the same results, the public might have a very different view of legislators, administrators, and welfare recipients. They might think that reformers were finally getting serious. This seems to be the case in Riverside, a very conservative Southern California county, where the public is not clamoring for time limits or work-for-benefits strategies, but for adequate resources to keep operating their saturation, tough, work-focused JOBS program.

But can communities throughout the country achieve this level of performance? The answer is not clear. Currently, average performers lag far behind and will have to change considerably for JOBS to deliver on its potential. But what is clear is that most communities have only begun to try, and that bridging this gap will not happen by putting JOBS on autopilot. There need to be more resources (to make the mandate real), stronger management, and commitment to a program that is more work-focused and mandatory.

There is clearly both a federal and state role in making this happen. There is a severe risk that we will not realize the potential of a welfare-to-work strategy because sufficient funds are not available. One way this might occur is if states have to make trade-offs on the use of a single pool of funds: i.e., spend them on maintaining welfare benefits, or on up-front investments in programs to get people off the rolls, or on mandated programs to keep them working while on. Thus, the federal funding structure will be key to promoting JOBS' expansion. But, beyond this, the federal government has a clear role in building state capacity. Doing this involves steps to identify models of excellence, to understand whether success can be replicated under diverse conditions, and to provide a decentralized welfare system with reliable evidence on how to improve program performance.

Finally, the federal government and the states both have a role in trying to alter the economic conditions — the combination of stagnant or declining wages and anti-work incentives built into the welfare system — that constrain the potential for success of current efforts to get welfare recipients to work.

While improvement is clearly possible, in providing leadership in welfare reform, the federal government and Congress face the challenge of avoiding overpromising on the success of the next round of reform. There are simply no easy solutions for poverty or welfare. Helping the public understand what level of change is attainable, and taking all the steps needed to make that occur, might break the cycle of cynicism that has resulted from past waves of reform. Instead of setting unrealistic goals and denouncing modest success as failure, setting realistic goals might help the public gain greater confidence in, rather than find a new reason to discredit, government.

BEST COPY AVAILABLE

Chairman MCKEON. Thank you very much. That is a good point to end your statement on, being careful not to overpromise.

I am new here, and that is one of the things that I see in coming here, what a big country this is and how a few of us sitting here are trying, all of us in different ways, to be helpful and not to cause more of a problem—you know, be a help, not a hindrance.

I think, as Mr. Williams stated earlier, there is kind of a feeling, Democrats are here, Republicans are here, and we each try to portray that the others are villains, and the thing that I have learned since coming to Congress is that the people I have met here are good people. We have strong differences in philosophy, but I have gained a tremendous respect for the people I have met here on both sides of the aisle, and I respect you for the work that you are doing and the people you are helping, and I think what we are trying to do through this hearing and through other hearings that we will be holding is just trying to see how can we help you do your job better, how can we do our job better.

As I have been trying to get up to speed on this, I read a report from the GAO, and they talked about 154 different programs, Federal programs, that are helping—supposedly helping to train people, and there is a lot of overlap and a lot of different programs, different people trying to help the same people in different ways.

Working at State and local levels, how could you take those? If you were Solomon or some king that could fix this in a day, what would you do? Would you keep 154 programs? Would you condense those programs down? My philosophy is, try to get the resources to the people closest to the ones making the decisions. But how would you handle that if you could be king for a day? What would you do to make these things better—or queen for a day. Like I say, I'm new.

Mr. WALDMAN. If I could start, I think the block grant approach is very, very attractive in this particular area. Right now, because of the special requirements and mandates, different departments and different State governments operate these programs. If they were consolidated, it would give us the opportunity to say within our own State government who is the producer of jobs, which agency should be the core, the central point of it, who would be the consumer of jobs.

Quite frankly, in a large department like Human Services, I would rather see our Department of Labor receive all the funds and operate the programs and we communicate the needs of the consumers that do it.

Unfortunately, by having all the different programs with all their very special programs, there is a significant amount of labor intensity in responding to them and it does encourage fragmentation. Each of them gets its own constituency who demands that the particular need that that grant was intended for is met, which isn't bad except that it does again prevent you benefiting from the economy of scale, having a central directed, well organized, with clear goals and objectives: employment, training, and work force development program in a State.

Ms. ROGERS. I think one of the things that, if I can use this as an example of why it is so critical that we go in a direction like the block program, is the Wisconsin experience.

As I mentioned, we have since 1987 run 14 separate experiments that have had considerable success. Those experiments have underlying them close to 170 different waivers that we had to negotiate with the Federal Government. The time and effort that is involved in doing that is extraordinary. If we could invest that same time and effort on the local level in putting together programs in conjunction with local government and have that kind of flexibility, it would be much better served time.

Ms. GUERON. I would just make one comment in the other direction. Clearly some consolidation of programs and flexibility to States makes enormous sense, but we are talking today about the JOBS Program, and I would have some concern if the JOBS Program were simply melding into the employment and training system because I think there are some legitimate different objectives for JOBS as a welfare reform program.

The employment and training system in general is a voluntary system the goal of which is to build people's skills, to develop a more skilled work force, to get people jobs, but the focus on skills is a big part of for example JTPA. The JOBS Program is a mandatory program the goals of which vary across States but a very important goal in most States is getting people off of public assistance so that the link between the employment and training activities and the welfare system become very key if a message about employment is to permeate welfare and if JOBS is indeed to keep that mandate rather than get lost in a voluntary employment and training system.

So there is a tendency to say all of these programs are the same and they should all be run together, but I think that JOBS is not just an employment and training program, it is an effort to transform the welfare system, and as such I would be concerned about its identity if it were just merged in with all employment and training programs.

Mr. GENEST. In California, Mr. Chairman, we have in fact coordinated—and I am sure the other States have too very effectively—between the various programs and much of the service that the GAIN's last JOBS participant actually received from JTPA or our community college system or other sorts of training efforts. So I think we are doing a fairly good job of coordinating. Obviously, there is an administrative cost with that and the block grant does have some appeal in that regard.

I would say though our priorities for where we need the flexibility would be first and foremost in the AFDC Program itself. We certainly need some things. We would like to see some changing or loosening of the Federal requirements in the JOBS Program, and we could get into some details, but I would not rate that as the highest priority where we need the flexibility. I think where we really need the flexibility is in AFDC.

Chairman MCKEON. Thank you very much.

Mr. Williams, our Ranking Member from Montana.

Mr. WILLIAMS. Thank you.

Assuming, as it is, our purpose here today is to determine how to best get welfare recipients a job, let me ask each of you—well, let me ask if any of you favor forcing a person to leave their home—that is, leave their community, pick up and move to a dif-

ferent city or a different State to take a job available, the result being that you cut them off of welfare if they do not do that. Do any of you support forcing somebody to just pack up them and their family and go to where a job exists if it is a long way away and requires them to pull up their roots? Does anybody support that?

Yes, sir.

Mr. GENEST. I think the word "force" is a problem. I don't think we would——

Mr. WILLIAMS. Well, you cut off their benefits if they don't move. Do you support that?

Mr. GENEST. No. We have a proposed time limit. It is different than some of the other States' proposals.

Mr. WILLIAMS. And once the time limit comes, if there is a job in the neighboring State, for example, or in a city clear at the other end of your State, would you say to these people you either move and take that job or we will cut you off of welfare?

Mr. GENEST. No. We would simply say——

Mr. WILLIAMS. Would you cut them off of welfare?

Mr. GENEST. Our time limit doesn't involve cutting the entire family off of welfare. It involves at the end of a two-year period removing the able-bodied adults from the case, continuing to aid the children, but in essence creating a very strong work——

Mr. WILLIAMS. Here is where I am going with that. Tell me what we do in communities such as we have in my State of Montana. We have communities out there—now this is a big State. My State reaches from Annapolis to Chicago. You can move a long way and never leave the State.

We have communities out there—listen to this now—with 65 percent unemployment, no jobs, period. You can wait two years, you can wait 22 years. What are we going to do? What are we going to do with them? Does anybody have an answer? The two years and out ain't going to get it, and we don't want to force them to leave Montana or to go four, five, six, 700 miles. What are we going to do? Should government be that demanding?

You see, what we are really talking about here, aren't we, is how enforcing do you want Big Brother? How patronizing do you want Big Brother? Do you really want Big Brother, whether it is your Big Brother in your States or the Big Brother that most people talk about here in Washington—do you really want that Big Brother enforcing that type of economic deprivation over people when there are no jobs available, or would you support a public service job?

Now that brings me to my final question, Mr. Chairman. Can we really do welfare reform on the cheap, or in the short run is it going to cost this country more than we spend today on welfare to do it correctly? What do you think?

Mr. Waldman.

Mr. WALDMAN. From my own experience, a lot of programs oftentimes require an investment, the kind of investment that some of my colleagues have talked about, in starting programs and training and other things, and many of the programs you have heard of. In New Jersey there has been a return on that investment where the initial money, very difficult to get, has given us dividends both in the dignity of people and opportunity for them to get off public assistance.

Our view—and I think it is similar to yours in a sense—is, we don't want to require people to be uprooted and families to move across. Our governor, Governor Whitman, is opposed to an absolute time limit. On the other hand, there may be a public service type of contribution that that individual could make, called workfare or others.

I don't personally believe and our experience has been that long, open ended, none directed, big public work programs are the best investment, but something time limited.

I think the other thing, which is a challenge to us, because welfare is tied into economic development——

Mr. WILLIAMS. They are expensive, are they not?

Mr. WALDMAN. They do cost, they do, but there are good areas you can make investments in. We found, to be really successful, we can't just limit the planning for this in human services, that to have an effective welfare reform effort you have got to involve your economic development people in the State, you have got to think about it in the context of urban policy. You know, you have got to look at it in health and education and others.

Mr. WILLIAMS. Let me interrupt you again to say that is how we got 150 programs.

If we give you the money, if we just let you keep the money, you know what you would end up with in 10 or 15 years? A dozen, two dozen, three dozen, four dozen programs. Because you have got to involve the people that know job training, people that know education, people that know transportation, you have got to involve them all, and that creates all these different programs. The States would move very close to what the Federal Government now does if you had the money within a decade or a decade and a half. You would have a lot of different programs.

Mr. WALDMAN. I would hope not. I think there is an opportunity for a State that is focused on this and provides a clear center point to involve all those other systems that have to be involved but assuring that there is not a proliferation of separate and diverse programs. I really think that is possible over time. It is a challenge certainly, but I believe it is possible.

Mr. WILLIAMS. Thank you.

Chairman MCKEON. Mr. Roemer from Indiana.

Mr. ROEMER. Thank you, Mr. Chairman. Thank you for your wisdom in skipping over Mr. Andrews from New Jersey there.

I think Ms. Gueron pointed out one of the most difficult conflicts in welfare reform in that we want to get people off welfare and get them jobs and keep them in those jobs, and, secondly, we want to make sure that we take care of children. There are 9.6 million children in this country that are affected by welfare; one out of every seven children is affected by this program.

I guess my question right back at you, Ms. Gueron, would be: The statistics point out that President Clinton's goal of getting people off welfare in two years, about 70 percent of the people get off welfare, yet about two-thirds of those people come right back on the rolls.

It seems from almost all your testimony that to concentrate on almost some kinds of job finding service is very effective to get many people into work. Should we try to concentrate the welfare

program more on simply a job finding service than trying to worry more about education and training and longer-term wages?

Ms. GUERON. There is a lot of evidence, consistent evidence, that job search, as long as it is not too—if it is very low cost and all you do is send someone out to bring in a list of employers, you can make that service cheap enough that it will have no effect. Making a program very cheap doesn't mean it will save money.

But structured job search, job club programs, clearly have an effect and are cost effective, and efforts to have more intensive employment and training have had a mixed level of success.

There are some that are more effective, and even the Alameda program that Mr. Genest referred to earlier did succeed in getting better jobs for some people. It had an effect on wage rates. It didn't have that much of an effect on getting jobs, but it had a different kind of an effect. So depending what your goals are, you might favor that kind of approach.

Mr. ROEMER. Did it have an effect on keeping people off welfare then in these higher wage jobs rather than the two-thirds return rate out of the 70 percent? Did they then stay off of welfare longer or more permanently.

Ms. GUERON. There isn't evidence to that effect. There is a five year follow-up study that has been conducted of a number of State programs, and what it did show is that the earnings gains continued longer, not that welfare savings continued longer.

What the education and training programs often did was get better jobs for people who might have left welfare anyway, got them somewhat better jobs, so welfare—so it didn't reduce welfare costs in the long run, it increased earnings in the long run.

Just to add to your comment though about the high rate at which people return to welfare, a number of States are trying to grapple with the fact that the work incentives within the welfare system are not those that—you know, one learns that economic man or economic woman would look at and choose work. They are very anti work in that for many welfare recipients they can't make more in a job than the package that they can get on welfare, and a number of States are grappling with trying to change that incentive structure so that it is more pro work. For example, the measures that we heard about, the extended Medicaid waiver in New Jersey or some efforts in California. These are structured toward trying to change that trade-off so that people will not just get jobs but keep them.

Mr. ROEMER. And finally, what about the children? How do we make sure that we don't use politics to harm or hurt 9.6 million children?

Ms. GUERON. Well, this is obviously a critical question. Some people rightly point out that there are some children that are doing very badly now on welfare, and that is obviously something to be concerned about, but as you say, one in seven children depend on the AFDC Program for income support, and I think that is why work strategies are so attractive.

Mr. Williams pointed out that they do create an investment, but that investment is at least a way that you can in a publicly supported manner continue to provide welfare—money to families over time. I think the public has said loud and clear no strings attached

welfare indefinitely they don't like. I am not sure that they would say that they are willing to pay for work, and I think that is the balance that States have to grapple with, how much are they really willing to pay for their preference for work.

Mr. ROEMER. The lights are going out, Mr. Chairman, but my green light is still on, so I will continue.

Ms. Rogers, you are grappling with this question in Wisconsin right now and seeing some increase in the number of children in poverty. What do we do about this? Is it now the States' role to address this?

Ms. ROGERS. Actually, the child poverty numbers in Wisconsin have gone down slightly in the course of our welfare reforms.

Mr. ROEMER. The number of children in poverty——

Ms. ROGERS. Child poverty has actually gone down, that is correct.

Mr. ROEMER. The percentage of children in poverty?

Ms. ROGERS. According to the 1994 statistics in what is referred to as the Kids Count Data Book. The poverty rate—child poverty rate, according to the census process for the rolling average, the poverty rate was 14.8 percent in 1987, and as of 1991, which is the most recent data that is published, the poverty rate is reduced—child poverty rate is reduced to 12.7 percent, so we have actually gone down a bit.

One of the issues that I would like to speak to on the earlier part of your question is to share with you three things that Wisconsin has done in terms of the focus of its program that it is finding successful.

Number one is that when we work with individuals who come to the program initially, the first step we take are to be looking at the kinds of options that might be available to them on an individual basis that would allow them to remain self-sufficient and not begin using the welfare supports in the first place, and we are finding that preliminary results are telling us that we are having quite an effect at diversion, if you will, helping people to identify what some of their other options are, and this includes, to address part of Mr. Williams' comments, this includes looking at other places where there might be work available that would be attractive and of interest to them.

I think there are probably the majority of people in this room that at one time or another have moved for work. This is not an unacceptable activity.

Secondly, we are also looking at the expansion of entrepreneurial activities, and this is particularly useful in communities that do have a shortage of jobs. Often people have ideas and interests of an entrepreneurial nature and do not have the funds to begin them, and one of the kinds of uses of the dollars that we are talking about here should and could be used for entrepreneurial purposes.

The third and last thing I would like to mention that we are finding that is more and more critical is, after you address job search and after you address the finding of a job, then it is becoming more and more obvious that one of the other things that our programs need to be concentrating on are those kinds of supports and services that will encourage job retention, and we are finding

that, in fact, as we focus on job retention issues, through mentoring and through a constant ability for an individual to come back and continue at some level that contact, that we are seeing considerably less recidivism than we were in the past, measurably so.

Mr. ROEMER. Mr. Chairman, I would just ask unanimous consent that we be allowed to submit some additional questions to the witnesses.

I would certainly like to be able to submit questions to the distinguished gentlemen from California and New Jersey and to get further clarification from the gentlelady from Wisconsin on what we do about these children. So if they could submit—I will submit the questions. If they could get back to me with a written statement what their answers are on that, I would appreciate it.

Chairman MCKEON. If there is no objection, so ordered. I am sure they would be happy to.

Mr. ROEMER. Thank you, sir.

Chairman MCKEON. Thank you very much.

Mr. Romero from Puerto Rico.

Mr. ROMERO-BARCELO. Thank you, Mr. Chairman.

It has been my observation that any State or any community which has solid economic development and a good supply of jobs, available jobs, well paying jobs, has a low rate of unemployment and low rate of people on welfare, whereas other States and communities that do not have enough jobs have a poor supply of jobs, where they have a substantial number of low paying jobs, have a large percentage of people on welfare. Am I correct in my impressions? Would any of you like to challenge that?

Ms. ROGERS. I think certainly there is a degree to which that is true, and yet in Wisconsin our experience has been that though we have had a very healthy economy, there have been during this same period 13 States who have had an even healthier economy and their welfare rolls have increased rather dramatically while ours have decreased.

Mr. ROMERO-BARCELO. I don't know how you would define a healthy economy. I am talking about a supply of jobs and well paying jobs.

Ms. ROGERS. Yes, a better unemployment situation than we have.

Mr. ROMERO-BARCELO. So my impression is correct. Do you want to challenge it?

Ms. ROGERS. That is not the Wisconsin experience.

Mr. ROMERO-BARCELO. You challenge that impression.

Mr. GENEST. It is not the California experience either. In California during the 1980s we had a very good economy by most measures. Certainly the unemployment was among the lowest in the Nation, say from around 1983 until the 1989–1990 time frame, and during that same period of time we experienced a welfare case load increase that was quite out of proportion to our increase in population, even out of proportion to our increase in women of childbearing age, that population.

We believe that there were two reasons for that and maybe three. Certainly immigration was a big part of that. Immigrants, especially the immigrants we were receiving then, which were refugees coming straight over mostly from Southeast Asia, had a much

higher rate of going on to welfare. That was one part of what was driving our case load. The other part was out-of-wedlock births.

Our out-of-wedlock birth rate has soared, as had the out-of-wedlock birth rates in every other State. We unfortunately lead the Nation in teen pregnancy. That is generally out-of-wedlock birth.

Those things were all occurring, and they were driving our case load up at the time when it arguably should have been going down due to the economy, and in past cycles we did, in fact, see it going down. The difference here was the immigration and the out-of-wedlock birth trends were offsetting the good economy.

In the time when we went into recession, of course, our rate of case load growth increased. Obviously it would, and there is a connection there. However, at the same time we have a huge immigration of illegal immigrants mostly from Mexico, most of whom come in and take jobs. So they may not be well paying jobs, as you said, but there are jobs plentiful to attract people from across the border.

Mr. ROMERO-BARCELO. But you are going to have a job and still need support because the job doesn't pay you enough to meet the basic needs for your family.

Mr. GENEST. Our welfare reform strategy in California understands that, it recognizes that. A central component of our reform strategy is to reward work even in the welfare system. So we have actually, by what we have done, made it possible for a welfare recipient in California with a minimum wage job to take home $300 or $400 a month more than they did prior to when we started our reform process, and that is what we mean by creating a work incentive. So that person doesn't necessarily go off of welfare but that person is much less dependent on the government.

Mr. ROMERO-BARCELO. There is such an emphasis on trying to put the blame on unwed mothers. Maybe we should make sex illegal for those that can't afford it. Is that what you were saying?

Mr. GENEST. I don't believe I was putting the blame. I was trying to describe what the forces for that were driving our case load.

Mr. ROMERO-BARCELO. One of the things that bothers me, some people who talk about this country, America, many of them, is, they seem to put the blame on the people who receive welfare, that it is their fault, that they don't want to work, and my experience has been just the opposite, that people, if they have a job, a good paying job, they take it.

Now if you have that situation, what we have been doing is—perhaps our problem is that we have been managing the whole thing wrong, managing it, not so much changing programs or block granting programs, but we have been managing wrong, from the Federal Government and on down.

We had Health, Education, and Welfare. Now it is Health and Human Services. Perhaps we should have labor, education and welfare together where you go not to a social service worker to see whether you qualify or not, but you go to a person who is a specialist in job placement and they qualify you for receiving welfare if you can't get a job or a job is not available, and they also look for training to have a job. That is perhaps the emphasis. If you were to look at it that way, if we were to coordinate it all together with Labor and make Labor a first stopping place, maybe a lot of these problems we are talking about would be solved.

Ms. GUERON. Just one comment—two things. I think the two-parent welfare program, the AFDCU program, where there are two parents in the household, is very cyclical and very, very susceptible to changes in the economy; the single-parent case load somewhat less so.

Another comment is, I think you are right in the sense that economic conditions clearly affect the welfare rolls, and the fact that in this country we have been shedding good jobs for the low skilled is clearly a problem. We have declining or stagnant wages for low-skilled people in this country, and that has to affect the welfare and work trade-off.

One of the dilemmas in welfare, however, is, it is very hard to determine whether someone can or cannot work and can or cannot find a job, and that is one of the dilemmas that people managing welfare-to-work programs face. It is just not easy to figure that out. Some very unemployable-looking people find jobs, and some quite employable ones don't.

So it is hard to say that your system is going to make that decision, and one of the goals in effect of mandatory welfare-to-work programs is to shift that back to recipients by having some pressure to go out and look for jobs. Of course when they don't find them, it is hard to again understand exactly what your next step should be.

Mr. ROMERO-BARCELO. Thank you.

Chairman MCKEON. Thank you.

Mr. Riggs from California.

Mr. RIGGS. Thank you, Mr. Chairman, and I thank my fellow Californian for calling a hearing on such an important and timely matter.

I have to apologize to the witnesses. I was in an appropriations subcommittee hearing on the funding for the Corporation for Public Broadcasting. As you might imagine, that is a big issue and concern to a lot of people, and we were delving into Barneygate at the precise moment that I came over to help the Chairman.

I wonder if I could seek a very brief response from each of you since this hearing is focused obviously on the JOBS Program and specifically the welfare reforms provisions in the Contract With America, if you agree with the general philosophy behind the welfare reform provision in the contract, and that is that real work and job placement should be emphasized over general training and education, which I might add is sort of a philosophical or ideological distinction between the two sides of the aisle, and I would even go one step beyond that and say, as I believe Governor Engler and Governor Thompson has as well; that is, if you are able-bodied—that is, if you are able but unwilling to work or go into job training or a vocational education program, that you should get no welfare benefits at all.

So I would like to go right down the row, if we could, very quickly and sort of get your brief reaction to again the philosophy on this side of the aisle.

Mr. WALDMAN. We are certainly in agreement that work should be the basis of it, there should be some participation requirements with sanctions not filled, but I would caution against a broad generalization.

I think that programs have to individualize because in our State we have had a very diverse population on public assistance, and I think there is a balance to be struck between requiring people to immediately go to work and making some investments in the basics.

Mr. GENEST. In fact, the major point in my testimony was that we do support that philosophical point of view, and we believe that the study that was conducted in California firmly documents that a work orientation and a work focus involved in the program, including recipient, is the key to the success of these programs, so we would certainly support that.

Mr. RIGGS. Thank you Mr. Genest, and I want to come back to you later either in this round of questioning or a subsequent round and talk a little bit about the welfare reform proposal that Governor Wilson just announced with his budget address in California using the GAIN Program in Riverside County, as I understand it, as a model. So I would like to come back to that.

Ms. Rogers.

Ms. ROGERS. We also certainly support the underlying focus of work within these programs, and I think also we are coming to—making a somewhat different statement. Instead of saying able bodied, I think we need to say able, because we all know many different people who may appear to have considerable handicaps or barriers to work who do, in fact, work.

One of the things that I think is important as we look at employment and training programs is to recognize, as we are coming to see, that when you have the education and training piece as a separate entity from the work experience, they are considerably less successful, particularly in terms of not only helping people get jobs but helping them keep jobs because the relationships are too separate. When those two issues are married together and through job experience there is a training component as well, that seems to be considerably more effective.

Mr. RIGGS. And I might add, I think that leads to some of the overlapping and fragmentation that we see through all the Federal Government job training, employment assistance programs.

Ms. Gueron.

Ms. GUERON. I think it is critical to keep your eye on your goal and to make the JOBS Program more work focused. I don't think it is an either/or situation though, and that means that there is no role for education and training.

If you want to get long-term people on welfare on whom you spend the most money off the rolls, you might have to make some larger investments to that, but those investments can still be work focused.

Mr. RIGGS. Now let me switch gears for just a moment. We have had testimony, Mr. Chairman and colleagues, in the Appropriations Subcommittee on Labor, Health, and Human Services, and Education that is really somewhat startling, to the effect that the Department of Labor is not aware—that is to say, they do not have data on the number of successes, job placements that result from the JOBS Programs in each of the States. We have asked pointedly if they are able to provide us—and this actually was revealed through testimony before the subcommittee presented by the GAO,

but they are unable to give us data on the number of people who get and retain jobs through the JOBS Program. I am wondering why that is.

Ms. ROGERS. It is because the reporting requirements on the States given to us from the Federal perspective were all on process.

Mr. RIGGS. What can we do to remedy that?

Ms. ROGERS. Change the reporting requirements to outcome requirements.

Mr. RIGGS. To outcome requirements?

Ms. ROGERS. Absolutely.

Mr. RIGGS. So you would model the JOBS Program more along the lines of JTPA—the Job Training Partnership Act?

Ms. ROGERS. Well, it is closer.

Mr. RIGGS. All right.

And you look like you want to make a comment, Mr. Waldman.

Mr. WALDMAN. I just wanted to strongly concur. In all the discussion on block grants, the best way to give the States flexibility and create some regulatory reform is to manage these programs by outcome. The Federal Government could make some broad policy principles like work should be focused and say exactly what percentage, for example, or what number has to be placed in jobs, with certain variations. It is a good way to manage. It focuses on the outcome, as my colleague said, rather than the process and the paper.

Mr. RIGGS. My time is almost up, but to make sure I understand, you would actually advocate that the primary string that we would attach to block grant funding from Washington be an outcome-based program.

Mr. WALDMAN. Exactly.

Ms. GUERON. Could I just add one caution to that, that one of the problems—the easiest way to obtain good outcomes is to change whom you serve, not change what you do, and in JOBS Programs it is really critical that you not only serve a small number of volunteers on whom you can get outcomes. So you need to figure out some way to combine outcome standards with assurances that people are involving a large share of the case load in the program or you will simply end up with States seeking out the easiest-to-place people and counting individual achievements that would have occurred anyway as their own.

Mr. RIGGS. Thank you.

Thank you, Mr. Chairman.

Chairman MCKEON. Thank you. The time is up.

Mr. Reed from Rhode Island.

Mr. REED. Thank you, Mr. Chairman.

I have a statement which I would request be inserted in record.

Chairman MCKEON. Without objection.

Mr. REED. Thank you, Mr. Chairman.

As the Chairman indicated in his opening remarks, we are all here, I think, sincerely looking for ways to reform welfare, and indeed I think we are all here with the concept that work should be the centerpiece of welfare reform, but I want to focus on some practical questions about the proposed contract, specifically block grants, which you all in varying degrees of enthusiasm seem to support.

As Mr. Waldman indicated in his statement, sometimes the success of welfare reform is based on the economy and not the program. Typically the way that we do block grants around here is, we take historical data, census data, et cetera, and we give you some money, and the question I would raise for all of you is: What happens in the midst of that yearly appropriations cycle when the unemployment rate goes from 4.4 or 5.1 percent to 8.2 percent? And it happens. I think you have seen it, Mr. Waldman, Ms. Rogers, Mr. Genest. What do you do? Because you won't be able to come back to us for more money.

Mr. WALDMAN. We would advocate in New Jersey that there be—when there was a bringing together of a number of demographic factors like unemployment and others, that there be special relief, contingency relief some of my colleagues have called it, countercyclical aid, something of that nature to protect States, because as I indicated in my testimony, if we reexperience the kind of regional downswing that we had in our region of the country for a long period, it will have a tremendous impact on the State, and we think that any kind of block grant should provide some provisions——

Mr. REED. But doesn't that mitigate against the whole concept of a block grant? I mean, can't you have a work-related program that is not tied to a block grant but is still tied to individual qualification?

Mr. WALDMAN. I think the beauty of a block grant for us is the opportunity to design it, and although I would agree with all the statements on work, I would say that you have got to focus on some of the issues as well.

This program works when it is individualized. You may have someone walk in that is a few months away from an LPN, and rather than put that person in a workfare program or say we don't provide training, it may be good investment to pay the last couple of months of tuition; it may be a good investment for English as a second language; and I think the block grant gives the States the flexibility to make those kinds of decisions and have individually-tailored programs, and I don't think the idea of periodic aid of an emergency nature in a downturn is inconsistent with the concept of a block grant. I sincerely believe you could combine them.

Ms. ROGERS. I would concur with that statement, and I think one of the ways we have been talking about being able to do that and tying it to an emergency situation and not every little blip that would come along would be to have some kind of a trigger that would be tied to something like—I might prefer the poverty rate as an example. The problem with the poverty rate is, it is not calculated on a quarterly basis—unemployment would be another possibility which is calculated in that manner—and then set a threshold as an example for unemployment. You might use something like a 2 percent deviation threshold, and until it hit that in a given State it wouldn't trigger the ability to come and receive additional funds.

Mr. REED. Anyone else on that issue?

Mr. GENEST. I think the Devil is in the details in any proposal, and before we could say we are sure we support something we would have to see exactly what it is. But as a philosophical prin-

ciple, I think our governor is willing to be given the responsibility of managing this program if he is given the flexibility to do so.

Mr. REED. This is not just an academic question, I think, because we have Federal block grants today such as the child care developed block grants, which I believe most States have long, long waiting lists to get access to the program. So there is an example of a Federal program designed to give the States flexibility, and you are probably more familiar than I am with the details.

Mr. GENEST. The term "block grant" doesn't mean exactly the same thing in every statute in which it appears, I think, and there are forms of block grant that could be put here that would be worse than the program that we have. I mean it just depends, as I said, on the specifics of it.

Mr. REED. That is a fair question. You probably have the same dilemma I have. The specifics of the Contract With America, the bill that is before us now, have you looked at that, Mr. Genest, or Mr. Waldman, Ms. Rogers? Would you comment on that particular bill? Is that what you want?

Mr. WALDMAN. We are in general, supportive of the policy, but there is a level of specificity that the contract doesn't get to, and those are issues that need to be discussed, and presumably—I mean we feel that the basic philosophical thrust is on target, and the governor is of course supportive of the contract overall.

Mr. REED. It would be very helpful for me, and I speak for my colleagues, that those specific legislative provisions, if you could provide us information on those lines, it would be very helpful, because we don't want to just pass the bumper sticker, we want to pass a program that will work.

Let me raise another question. One of the advantages of State flexibility, the States can do some interesting things, be closer to the issues. One of the potential disadvantages is that you create different regimes in different States with different incentives for people to move.

Will this result—and my time is running out—in essentially a going to the lowest common denominator—every State chases every other State, so the lowest benefits, the meanest term, the toughest standards, because that saves money, and if you don't do it you are going to be engulfed by a wave of poor people?

Mr. WALDMAN. This is an issue that I think a lot of us—and in our State we are struggling with how one deals with it. One way to deal with it is to make sure that there is good regional cooperation among the States so that doesn't happen.

There are some people that will advocate for some type of at least basic single national base line for this, and we are working on that issue now, but it is a serious one. We don't think States should be penalized if they have a policy of one type by a neighboring State who decides to take a more draconian approach and we are driven to the lowest common denominator certainly.

Ms. GUERON. I think the race to the bottom is a real risk when the last dollar being spent is a State dollar and you think that you might be able to export the poor to another State. I think that is a legitimate risk.

In terms of your other question, it is very hard to model AFDC numbers, and the reason is that they change in relation to popu-

lation flows and the response to the economy isn't very clear, so that if States want to protect themselves against increasing costs in the future under a block grant it is going to be really very challenging to think of triggers that are, in effect, responsive enough to different changes so that the increases in population flow that have occurred in some States recently and the lack of response to improvements in economy are in fact accounted for.

Mr. REED. Thank you very much.

Chairman MCKEON. Were you just going to mention that California has a program that delays?

Mr. GENEST. Well, in fact we have a case that was heard before the Supreme Court, and hopefully we will prevail on that case. It was heard last week. The rule allows us to pay the grant to a recipient who is from State at the level that the other State had, and I think that sort of rule—if the Supreme Court comes down in our favor we would still need whatever new statute you come up with to specifically authorize us to do things of that sort, and that would help with the migration problem.

Chairman MCKEON. Thank you.

This is my only attempt at remembering something I learned in law school. This case was Kay Shapiro v. Thompson that said basically you couldn't do that. So you are going to overturn that?

Mr. GENEST. Shapiro was that you cannot deny aid altogether based on residency. In this case we are simply providing a lower degree of aid than we would otherwise do, so I think we have a chance.

Chairman MCKEON. And it is for a period of time, it is not forever.

Thank you.

Ms. Woolsey from California.

Ms. WOOLSEY. Thank you, Mr. Chairman.

I think most people around here know that I was a single mother on welfare in California for three years 27 years ago. I was working the entire time and had privileges that a lot of welfare recipients don't have. I was educated, I had job skills, I was healthy, my children were healthy, and certainly I was aggressive, and I was on for three years. So the business of two years and you are off just doesn't work. We need flexibility, and I know that.

But the thing I know most of all is, the most important part of getting off welfare and staying off forever is jobs that pay a family wage. So this hearing today is very, very important.

One of the things also that is important is, when we talk about programs in States that are working, that we are very accurate, and so I have some questions on the Wisconsin experience. I have numbers from the Library of Congress that tell me that in 1993 there was a decline in your welfare experience by about 17 percent, but those same numbers tell me that the number of children in poverty almost doubled. So I am real concerned about what your experience means and who really we are affecting and what we are doing to our children with programs that get people off welfare but don't help them in the long up run.

Is that accurate? I heard you say 1991 figures, they were improving.

Ms. ROGERS. The official calculations that the Census Bureau uses for tracking child poverty are rolling averages, and the number that you are referring to is a stand-alone year, which is taking it out of context.

But I think one of the things that we want to be sure we take into consideration when we look at the issue of poverty is that there really isn't a direct correlation between the issue of declining or increasing welfare case loads, per se, and what happens relative to poverty.

If an individual is receiving AFDC, they are at a particularly low level relative to the poverty rate simply receiving just those benefits. The fact remains that if an individual is working, even at the minimum wage, they are better off and getting closer to being able to climb out of poverty than if they are simply receiving only the welfare benefit by itself.

Ms. WOOLSEY. Well, my number here is a rolling number of 1987 to 1993, and it says that the poverty rate of children under 18 increased by 12 percent, from 19 percent to 22 percent.

One more thing I would like to know about Wisconsin is, that was not statewide, right? Didn't you pick certain areas for your experience, for your model?

Ms. ROGERS. For our case load decrease?

Ms. WOOLSEY. No, for your entire program.

Ms. ROGERS. We have varying experiments that are running in Wisconsin, some of which are statewide, some of which are county specific. It depends on the particular experiment you are talking about.

Ms. WOOLSEY. That was the workfare program. Didn't you pick cities in areas that had low unemployment rates in the first place?

Ms. ROGERS. I am not sure what you mean by workfare. We have an experiment that just began this January that is known as "Work, Not Welfare." That experiment began in two counties, one relatively sizable for Wisconsin, one quite a small one, and the issue there was a matter in part of budget because the instruction from the legislature was that we run this experiment against approximately 1,000 cases and those two counties added up to 1,000 cases.

Also the issue in "Work, Not Welfare" is whether or not, with the total involvement of both government and the education sector and the business community, we can actually change the culture in a community not only in terms of our recipients but also in terms of the private sector and businesses in focusing on helping people come to work, and therefore we wanted to test it first in areas that had a relatively healthy economy to make sure that it was a possibility to do there before we expanded it.

Ms. WOOLSEY. Hence you need to say that and we need to know that when we are taking the numbers.

Ms. ROGERS. We do say that. That program just began a few days ago, and so none of our successes are based on the results of that program.

Ms. WOOLSEY. Right.

Well, my number one question—and if anybody here would like to answer it—how are we going to get people off welfare perma-

nently by putting them into jobs that pay a wage that have benefits? Because that is the only way we are going to do that.

How about you, Ms. Gueron? Do you have anything you want to add to that.

Ms. GUERON. We don't have enough jobs in this country of the nature you are talking about. I mean the last 20 years we have seen a stagnation of jobs for women and declining wages for men with low skills, dramatic declines for people without high school diplomas, and about half of welfare recipients fall into that category. So I think that is one of the reasons why States and the Congress, in expanding the earned income tax credit and talking about health insurance for the working poor, is trying to grapple with the issue of making any job a somewhat better job, because getting good jobs back for the low skilled is not something that we know how to do very well. So I think that is a real concern, and it faces people on welfare and working poor people in the country.

Chairman MCKEON. Thank you.

Ms. WOOLSEY. And I just have to make a comment in response to that. Everybody in this Nation has to know that we cannot blame poor people and their children because we don't have jobs in this country to support them.

Chairman MCKEON. Thank you, Ms. Woolsey.

Mr. Andrews from New Jersey.

Mr. ANDREWS. Thank you, Mr. Chairman.

I want to thank and welcome all the panelists, especially my friend Commissioner Waldman from New Jersey. I have had the chance to work with him, I guess, going back about seven years now, and I want to say for the record something that is a rare phenomenon in New Jersey politics, probably national politics, that Mr. Waldman has served under both Republican and Democratic administrations in our State and it is because of hïs singular ability to do the job well.

Bill, it is very, very good to see you.

Mr. WALDMAN. Thank you.

Mr. ANDREWS. I am all for the idea of greater flexibility and letting those of you who run local governments and State governments design welfare programs. I take it as a fairly uncontroversial proposition that the present system is not doing a very good job of encouraging or inducing able persons to work who should be working. That is the point of departure.

The question I have for the folks on the panel today is: Assume we give you this flexibility. What standard should we then hold you to? What is a reasonable goal or reasonable benchmark that we can come back to five years from now and say, well, in New Jersey in 1995 we had this AFDC case load and in New Jersey in the year 2000 we have this AFDC case load, so we have been a success or we have not been a success? What is a reasonable benchmark against which we can measure your progress? I would open that to the panel.

Mr. GENEST. I don't think there is a single number, percent employed, people below poverty, any number you should could cite. I don't think there is any statistical measurement that you should cite. There is not a single number that would be an appropriate benchmark for California and for New Jersey.

I think that what needs to happen is that the States and the Federal Government perhaps need to work together to each individually set benchmarks.

Mr. ANDREWS. Let me ask you a question. How many people are on AFDC in California today?

Mr. GENEST. About 2.8 million people.

Mr. ANDREWS. And what is the work force, the labor force of the State of California?

Mr. GENEST. I don't know the labor force offhand. It is several million more than that.

Mr. ANDREWS. Yes. Would it be unreasonable for us to say that if we gave California the flexibility you have asked for today, that we have the right to come back saying, if economic conditions are otherwise equal, if unemployment rates are otherwise equal, that you should be down to 2.2 million on AFDC? Is that fair?

Mr. GENEST. In five years?

Mr. ANDREWS. Yes.

Mr. GENEST. That is the kind of thing that I think would make sense. I am not going to say 2.2 percent is the magic number here today. I would have to take it and look at it. But I think that kind of measurement—that would be one measurement you might want to set with us. I also don't think you would necessarily want to have a single statistic for a given State.

Mr. ANDREWS. I agree with that, although I will tell you this, that the bottom line we are talking about today is the good idea that says we are better off and families are better off if they are working and not on public assistance. In order for us to measure what you have done, the gentlelady from Wisconsin keeps referring to outcomes, and I think she is absolutely right. What I am focusing on here is, what is the measure of the outcome to which we should hold you?

Mr. GENEST. I think we should work together to get a diverse number, set of outcomes and define exactly. I think Judy Gueron's point earlier was a critical one. The fact of the matter, in my experience, is that no matter what we do or don't do in government, there are some people that just pass through the welfare system and get jobs on their own and have short stays, and that is often dependent on the economy and opportunities that present themselves.

So some of the outcomes we want to measure is those people in urban areas who have limited skills, how well we do with them as well as how much the economy takes advantage. I really think there can be, and I can't give you the precise ones today, but I think we should negotiate some specific outcome measures.

Mr. ANDREWS. The reason I ask this question—and I will be happy to hear from our friends from Wisconsin and from the research institute—is, you see, I think we should apply an entrepreneurial model not only to persons on welfare but to those that run welfare programs, and what we ought to say to you is this, if New Jersey does a better job than California measured on some equalizing statistic that takes into account regional and economic differences, if New Jersey does a better job than California and Wisconsin does a better job than New Jersey, then Wisconsin should get a higher percentage of its welfare program paid by the

Federal taxpayers than New Jersey does and New Jersey should do better than California.

I think the incentive here ought to be that your governors and your legislatures ought to have more discretionary money at their disposal, for whatever purpose, if you do a better job of moving able people off. I think that is a concept many people agree with. The problem is, how do we define it and put some meat on it?

Ms. GUERON. I think the last statement you made is a real challenge here. It is very hard to create a level playing field across States in developing these outcome measures, and it is also very hard to develop an analog in the public sector to the ultimate outcome measure of something like profit in the private sector. What you are suggesting could easily lead because of the difficulty of developing an analog and this level playing field to States that are in the greatest need getting the least resources, and I think probably the wisest way is to develop a number of measures, as Mr. Genest mentioned, track them for a while, not put a hell of a lot of money behind them, because there is a real risk that States that are doing well could be penalized because of conditions——

Mr. ANDREWS. I would suggest—not to interrupt you—I would suggest this. If States that are in the greatest need do a poor job, I think the ultimate remedy is take over those State systems by the Federal Government. I think we ought to say this, that the major partner in the welfare system is the Federal taxpayer, that is where most of the money is coming from even today, if you add up AFDC, Medicaid, food stamps; the States pay a lot, but we pay more, and I think it is incumbent upon us to say, if you do a bad job measured against this kind of thing and you do not correct it over time, then you forfeit the right to have this flexibility to run your system and there will be some kind of federally controlled system imposed upon you so that people who are deserving are protected but so that the taxpayers who finance these programs are protected as well. I don't think it is an endless process.

Chairman MCKEON. Our time is up, and most of the committee have gone on to other assignments, but I would like to thank you for being here and making my first opportunity to sit in the Chair so enjoyable, and thank the members of the committee for their participation, and those who have asked to submit questions, if you would please get those back to us in writing I am sure we will be in touch.

Yes, Ms. Rogers.

Ms. ROGERS. Mr. Chairman, if I could make one brief clarification comment, I think it is critical, whatever might happen in terms of a set of standards being created or not, that we separate the issue of requiring States to provide measurements of outcome. That I think we must do whether or not we cause those outcomes to become triggers for funding, because the frustration of the JOBS report that you heard from the GAO was that States were never requested to report outcomes. That is all.

Chairman MCKEON. Thank you very much.

[Whereupon, at 11:38 a.m., the subcommittee was adjourned.]

POSTSECONDARY EDUCATION:

A REAL ROUTE OUT OF POVERTY TO SELF-SUFFICIENCY

FOR

LOW INCOME WOMEN

WRITTEN TESTIMONY OF

DR. LESLIE R. WOLFE

PRESIDENT

CENTER FOR WOMEN POLICY STUDIES

2000 P Street NW
Suite 508
Washington, DC 20036
(202) 872-1770

BEFORE THE

COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES
SUBCOMMITTEE ON POSTSECONDARY EDUCATION, TRAINING
AND LIFE-LONG LEARNING

JANUARY 19, 1995

1) regarding proposed changes to the Aid to Families with Dependent Children (AFDC) program (as contained in H.R. 4) limiting low income women's option to pursue postsecondary education and realize long-term economic self-sufficiency; and
2) suggesting a strategy to reform the welfare system in a way that will ensure that many women now receiving AFDC will achieve economic independence from public assistance..

Mr. Chairman, and Members of the Committee on Postsecondary Education, Training, and Life-Long Learning, my name is Leslie R. Wolfe, and I am the President of the Center for Women Policy Studies. The Center is an independent feminist policy research and advocacy institution that was founded in 1972. Throughout our history, the Center has concentrated on complex, cutting edge women's issues, with a special emphasis on the diverse needs of low income women and women of color.

Postsecondary Education: A Recognized Path to Long-Term Economic Self-Sufficiency

My testimony addresses the proposed changes to the AFDC program (as contained in H.R. 4) which would limit recipients' options to pursue postsecondary education and realize long-term economic self-sufficiency. In essence, the proposed changes would make it impossible for women to take "personal responsibility" for their economic futures by doing what our federal government and parents helped many of us and our children to do -- go to college. The proposed changes would make it impossible for Amy Hendricks, who appeared before the Committee on Ways and Means on January 20, 1995, to take classes at Prince George's Community College and the University of Maryland, and move toward her dream of building a life for herself and her son free of public assistance. Indeed, it would be a cruel irony if this Committee's package of welfare reforms were to make Ms. Hendricks' success story impossible for other women.

Our research, and that of many colleagues around the country, reinforce Ms. Hendricks' personal testimony -- that postsecondary education is the *best* strategy for long-term self-sufficiency for a large group of low income women, including women now receiving AFDC.[1] We believe, as you do Mr. Chairman, that welfare reform should "promote individual responsibility." We agree that welfare

---

[1] In 1991, the Center created the National Brain Trust on Economic Opportunity for Low Income Women to assess the efficacy of higher education as a strategy for moving low income women into economic self-sufficiency. With the Office of Women in Higher Education of the American Council on Education, the Center convened a seminar on increasing access to higher education for low income women; the Center also published a research report, More Than Survival: Access to Higher Education for Low Income Women, and Women, Welfare, and Higher Education: A Selected Annotated Bibliography, both prepared by Erika Kates of Smith College. In 1987, the Center convened a policy seminar, "Occupational Segregation and its Roots in Education," to consider the connections between sex and race bias in early education and women's continuing segregation into low wage, low status jobs. The resulting book, Women, Work and School: Occupational Segregation and the Role of Education, was published by Westview Press.

BEST COPY AVAILABLE

reform should focus on creating strategies recipients from welfare to work and provide a path to economic self-sufficiency and productivity. We ask you to remember that postsecondary education is a proven effective and permanent route out of poverty for low income women. Ensuring that women in every state continue to have an opportunity to earn a postsecondary education is a winning strategy for everyone -- for women, for their children, and for state and federal budgets.

Women Receiving AFDC are Ready, Willing and Able to Undertake Postsecondary Education

In welfare reform as in clothes -- it is folly to believe that one size fits all. Welfare reformers must recognize the great diversity among AFDC recipients. We must offer a range of options to prepare them for independence and long-term economic self-sufficiency; education and training options are especially crucial and cost effective. Contrary to stereotypes, not all women on AFDC are school "drop-outs." Individual states report that from 30 to 50 percent of their AFDC recipients have a high school degree or GED. In short, between 1.44 million and 2.4 million are eligible for college at any given time (Burtless, 1994; Kates, 1991; Gittell, Schehl, and Fareri, 1990; Shea, 1992; Solomon, 1990). They simply do not have the resources or opportunity to enroll and remain in college.

A recent study estimated that, all other factors being equal, 75 percent of women receiving AFDC who had completed at least one year of college would leave AFDC *voluntarily* after two years. By contrast, only 47 percent of those with a high school degree would leave AFDC voluntarily after two years (Fitzgerald, as cited in Sherman, 1990). Today, leaving AFDC for a job may actually lower a family's standard of living; women therefore are reluctant to make a choice that would hurt their children. But postsecondary education can prepare women for better jobs that can lift them permanently out of poverty.

Studies of women on public assistance who have gone to college reveal the degree of motivation, dedication and relentless determination needed to stay in school when many policy conflicts work against them. Many more women who are forced to rely on public assistance might choose to pursue postsecondary education if they were not financially punished by these policy conflicts. For example, a 1992 survey of JOBS program policies in 32 states found that AFDC recipients who received student financial aid or other educational funds lose public assistance benefits including reduced AFDC benefits and food stamps (Kates, 1993). Thus, for a woman living below the poverty level, struggling to provide for her children, the decision to apply for student financial aid to cover the most basic costs -- tuition and books -- brings additional hardship and problems for her family's survival.

A College Degree is the Key to Moving Women Off AFDC and Out of Poverty

If our goal is to help low income women "get off and stay off welfare," then our strategy must include educational preparation that allows low income women the opportunity to pursue careers beyond the low wage jobs usually made available to them. And this means a college education.

Unfortunately, sex and race discrimination in the job market make it essential that women, and in particular women of color, access postsecondary education. Overall, women with a high school degree or less earn little more than HALF the equivalent wage of a man with the same education ($579 compared to $1,116 a month) (Census Bureau, as cited in Sherman, 1990). Despite the persistence of this wage gap, women's income does improve with one to three years of postsecondary education: 44 percent of white women and 40 percent of African American women with some higher education earned under $10,000. A four-year college degree produced a substantial increase in earnings: 34 percent of white women and 22 percent of African American women college graduates earn under $10,000 (Sherman, 1990).

In other words, college increases the number of women earning more than $10,000 a year by 23 percent (for white women) and 34 percent (for Black women). But that improvement only demonstrates the disparity between men's and women's incomes: *A woman still needs a college degree to earn wages approaching those of a male high school graduate's* (see Greenberg, 1993).

The average woman college graduate earns $22,000 a year and is more likely to receive fringe benefits, while women working in minimum wage jobs earn far less. Workers with college degrees also are more likely to have transferable skills that will help them survive in today's job market where they are likely to change jobs several times in the course of a lifetime.

Completing a two-year degree at a community college is an especially powerful antidote to poverty for women on public assistance. An Associates degree raises women's income by 65 percent over their earnings with a high school diploma; a postsecondary vocational degree raises income by 41 percent (Census Bureau Survey of Income and Program Participation, as cited in Sherman, 1990).

The economic benefits of postsecondary education for both women and the economy would be immediate and positive. Even one year of postsecondary education makes a difference:

- Fifty-one percent of African American women 25 and older who head households and have exactly 12 years of schooling live below the poverty line. But with only one

BEST COPY AVAILABLE

year of postsecondary education, the percentage of those families living in poverty is cut by more than one half -- to 21 percent.

- Forty-one percent of families headed by Latinas with exactly 12 years of school live in poverty -- that number drops to 18.5 percent with at least one year of postsecondary schooling.

- For white women, the figure drops from 22 percent to 13 percent (Census Bureau Current Population Survey, as cited in Sherman, 1990).

Statistics reveal that only 2.9 percent of the nation's population with at least one year of college participated in a major public assistance program during an average month in 1987, but 7.3 of all high school graduates did (Shea, 1992).[2] Looked at another way, these compelling statistics reveal that a postsecondary education will move more women permanently out of poverty and off AFDC than any other welfare reform proposal contained in H.R. 4

If we are sincere about reducing government spending on AFDC, then we must be willing to invest up-front in cost-effective, successful programs that support women who are ready, willing and able to improve their future earning potential through a postsecondary education. We must help them take "personal responsibility" by extending help, not creating barriers, to a postsecondary education.

The Benefits Transcend the Financial

Empowering women through education has other far reaching benefits; not all of them are strictly financial. Studies in several states have found that a postsecondary education not only increases women's income, it improves their self-esteem, increases their children's educational ambitions, and has a dramatic impact on their quality of life, enriching their personal lives and improving their relationships with their children (Gittell, Gross and Holdaway, 1993; Kates, 1991).

One study of college graduates who had been AFDC recipients during the time they were enrolled in school reported remarkable

---

[2] As of 1991, among AFDC recipients whose educational attainment was known, 11.2 percent had finished 8th grade or less; 35.1 percent had some high school; and 40.7 percent were high school graduates. However, only 12.2 percent had some college; and .8 percent were college graduates (Committee on Ways and Means, as cited in Burtless, 1994).

results. Nearly all (95 percent) of the women respondents said college made them feel proud of themselves; 90 percent ranked "made me more confident" or "made me see the value of college" as the greatest benefit of their college experience. Eighty-five percent said it gave them new insights into their needs; 81 percent said it made their children proud of them; and fully 75 percent of the respondents said their college experience helped them work better with their children (Gittell, Schehl, and Fareri, 1990). The report concluded:

> Without exception each woman interviewed influenced at least one other person's education, ambitions and achievements, either through academic assistance, encouragement or setting an example....The women with younger children are determined that their children will go to work toward college.

> One study participant reported: "College opened up a lot of doors, a new world. It made me more sure of myself. College has made a difference with the kids. I help them with their work. They know that I went. They are proud of me." (Gittell, Schehl, and Fareri, 1990).

Other studies (Kates, 1993; Kates, 1991) of AFDC recipients enrolled in college, including a review of 28 states, revealed similar benefits; women registered the positive impact of postsecondary education on their family life:

> ...My son said to me out of the clear blue the other day, "I want to be just like you, Mom. I want to be a college student" (Kates, 1991).

Clearly, postsecondary education does make a difference -- an enormous difference -- for many women. But is it a realistic and affordable option for welfare reformers to consider? The answer is yes.

Real Reform: Reducing the Number of Women Who Need to Return to the AFDC Program

Whether policy makers seek to reform welfare in order to cut government spending or to improve the quality of life and strengthen the families of low income women -- providing AFDC recipients with access to higher education does both (Gittell, Gross and Holdaway, 1993; Kates, 1993; Kates, 1991, Gittell, Schehl, Fareri, 1990). As it did for many of our colleagues, including those who benefitted from the G.I. bill, a postsecondary education can help break a devastating cycle of poverty that traps many women; they are forced to go on and off welfare because the jobs they qualify for do not pay enough to let them survive. Indeed, contrary to stereotypes, women receiving AFDC ar not slackers. Forty percent work full time or intermittently but

remain desperately poor (Greenberg, 1993). As hard as they try, without the proper training, which we believe a postsecondary education provides, it often is impossible to improve their families' economic status.

Low paying jobs are an ever-shrinking part of the labor pool and the competition for them is increasing, forcing wages down. Among young women (ages 18 to 22) who received AFDC benefits in 1979-198, 25 percent of those who managed to find jobs by 1990 earned $4.69 an hour or less and 10 percent earned $3.97 or less (Burtless, 1994). They would have to work 60 to 70 hours a week, 50 weeks a year, to squeak above the poverty line.

When a woman does get a low-paying job, she still cannot expect her situation to improve over time. Women without a high school degree will see their hourly wages climb only about nine cents from the age of 21 to 29. Women in their 20s with one to three years of college can expect their incomes to increase by 46 cents an hour and to make even greater strides in their 30s (National Longitudinal Survey of Youth and Current Population Survey, as cited in Burtless, 1994).

The JOBS program, the building block of the current attempts at welfare reform, was supposed to provide economic independence to AFDC recipients; but JOBS did not reduce the number of those needing cash assistance. From 1988 to 1992 the number of families collecting AFDC increased from 3.7 million to 4.8 million (Burtless, 1994).

Certainly the JOBS program has been underfunded and implemented for a very short time. However, we suggest that even "good" job training programs have not helped women find solid work. Massachusetts' much-touted E.T. Program is a perfect example; despite its "success," the income of graduates went from an average of $6,208 with public assistance to $6,532 from jobs obtained after completing job-training programs.

This dismal result happens because the programs ignore the impact of sex and race discrimination and the wage gap in the work force and do not aggressively promote training much beyond traditional low-paying "women's work." Instead of providing postsecondary education that is essential to compete in the job market, they opt to find women short-term, minimum wage jobs that provide no benefits, no job security and no potential for growth.

With a postsecondary degree, women spend less time on AFDC and are far less likely to need public assistance again. Several research studies have shown that women receive AFDC and manage to complete their postsecondary education stand a real chance of earning their own way without needing public assistance again. For example, in New York State, of 158 college students who received AFDC, 100 percent of those with a 4-year degree and almost 81

percent of those with an Associates degree stopped receiving welfare and began earning incomes well above the poverty line: $23,017 and $19,738 respectively (Gittell, Schehl, and Fareri, 1990). Studies of AFDC recipients who attended colleges in Massachusetts concluded with similar findings (Kates, 1991).

By investing in women ready for postsecondary education, government can gradually shrink the number of its welfare recipients and devote more resources to addressing the crushing burdens of other women receiving AFDC -- who may be living lives of chaos and dysfunction caused by sexual and physical abuse, homelessness, drug use, inferior educational opportunities, psychological problems, and lack of hope for their futures.

To break out of welfare poverty, low income women must have education and job training that prepares them for higher paying employment, and that -- in the 1990's -- requires a solid postsecondary education. In fact, at least half of all new jobs by the year 2000 will require a college degree (Kates, 1991). However, to date, most job training and educational assistance programs have failed to make postsecondary education a focus or even a serious option.

Eliminating Barriers to Postsecondary Education

With the passage of the Family Support Act of 1988 and the implementation of the JOBS (Job Opportunities and Basic Skills Training) Program, opportunities in higher education for low income women expanded somewhat, but serious limitations were created by many states. We submit that there will be a continued need for pro-active federal leadership to encourage states to pursue this very logical path to self-sufficiency. As the Committee reviews the proposed changes to AFDC, we ask that you avoid a myopic focus on short term fixes that might temporarily reduce AFDC roles and consider how to help women really change their economic prospects through postsecondary education.

Block Grants: A Loss of Needed Federal Leadership

The Center asks that the Committee consider what will happen to the support systems needed to help women receiving AFDC benefits pursue postsecondary education if the AFDC program becomes a block grant to states. States often are forced to focus on short-term solutions; but the federal government can provide leadership and incentives to keep postsecondary education an option for women on AFDC. Although all 50 states permit postsecondary education for AFDC recipients, a recent study of 32 states (Kates, 1993) found considerable differences in how the states provide access to higher education. These differences include length of time allowed to complete college, interpretation of the 20 hour rule, conflicts between public assistance and college financial aid, and coordination with other state agencies, including the Departments

of Education and Labor. We urge you to ensure that women in all states have the opportunity to pursue postsecondary education, by setting federal standards and guidelines.

For example, states' interpretation of the 20 hour rule, which requires recipients to participate in a JOBS approved activity for 20 hours each week, is a major barrier preventing qualified AFDC recipients from enrolling in college. When strictly enforced, the 20 hour rule would require a student to be enrolled in 20 hours a week of classroom activities, which is substantially more than the 12 to 15 credits that most full time students take. While Dr. Kates survey found that most states were flexible in their interpretations, a full 41 percent were not flexible. The states that were flexible counted such activities as studying, writing papers, taking exams, attending labs, and meeting with professors as part of the 20 hours, reflecting an understanding of what the college experience is all about. But states with strict interpretation required women to engage in additional JOBS approved activities such as work-study or community work experience.

Inflexible Work Requirements and Lifetime AFDC Time-Limits

For women like Amy Hendricks who are ready, willing and able to pursue postsecondary education, the "Personal Responsibility Act," provides a set-up for failure by establishing inflexible work requirements and lifetime AFDC time-limits. First, the current 20 hour rule (already a barrier for women in many states) will become a 35 hour rule with no realistic provisions for a woman who wants to pursue postsecondary education to lift her family permanently out of poverty. A simplistic inflexible work requirement of 35 hours will serve to reinforce the impact of sex discrimination and the wage gap in the work force by leaving poor women stuck once again in the few jobs that they can compete for successfully without a postsecondary education -- low-wage service jobs without benefits or career ladders.

Second, a two-years-and-you're-out time limit makes it impossible for AFDC recipients to complete either a four-year college degree or a two-year technical or Associates degree. Under the current program, 66 percent of the states impose restrictions on AFDC recipients -- limiting their choice of college, course of study, and length of time to complete their studies (Kates, 1993). Imposing strict time limits of two years for an Associates Degree and four years for a Bachelors Degree is shortsighted and unfair, given that less than 16 percent of traditional students (18-22 year olds) complete these programs in two years or four years.

The Center for Women Policy Studies urges the Committee to reject principles that embrace strict time limits for moving AFDC recipients off welfare. If long-term employment and economic independence for AFDC recipients is the goal, then the cheap quick-fix attraction of a two or even a five year time limit is not the

answer. Nothing will take the place of providing low income women with opportunities to obtain solid educational credentials.

In addition, under H.R. 4, states must meet steadily escalating work program participation requirements. To meet these requirements, states will be forced to find women short-term, minimum wage jobs that provide no benefits (such as health insurance), no job security and no potential for growth. Low income women, like other displaced workers, need preparation for vocations and careers that are as lucrative as possible. Even with additional education, women cannot become economically strong unless they can avoid being trapped in the lowest paid of the low wage jobs in the service sector (such as child care, nursing home aides, and custodial jobs) which not only pay the least but also offer fewer, if any, benefits and career ladders.[1] Unfortunately, states often find these types of slots the quickest and easiest to create when they are faced with escalating work program participation requirements.

The federal government must provide guidelines for the states that ensure that flexibility is provided for the many AFDC recipients, like Amy Hendricks, are trying to take "personal responsibility" for their futures by earning the postsecondary degrees they will need to compete in today's job markets. Our current welfare system places substantial barriers in their paths. We ask this Committee to eliminate those barriers and create a welfare reform package that respects and values the efforts that poor women are making -- against overwhelming odds -- to move from welfare to educational attainment and work.

Making Children and Families Ineligible for AFDC

We urge you to reject the punitive mandates in H.R. 4 that would require states to deny aid to children and families in a range of situations. The Center opposes any provisions that would deny benefits to: 1) children born into families receiving AFDC; 2) children whose paternity has not been officially established by the state; and 3) children of unmarried teenagers. Each of these child exclusion provisions will simply make it more difficult for women to lift their families out of poverty. Extensive social science research has clearly established that a woman's decision to have a child is complex and influenced by many factors; the availability of AFDC, however, is rarely the controlling factor. These provisions are misguided attempts to change a trend in our society that is not confined to low income women. But each provision will have serious adverse consequences for women struggling to change their lives. As you add layers of economic adversity and punishments, you will diminish a woman's ability to imagine a

[1] The issues of minimum wage increase, pay equity, and strategies to upgrade low-wage work also must be addressed.

better future for herself and her children and to transform that vision into a real effort to achieve economic independence.

In conclusion, the Center for Women Policy Studies recommends that, at a minimum, all welfare reform proposals be carefully evaluated in terms of their ability to provide a long-term self-sufficient future for low income women and their families. A postsecondary education is a proven strategy that moves women off welfare permanently and breaks the cycle of poverty for women and their children. Therefore, the Center urges you to reject any welfare reform proposal that does not increase the opportunities for women to successfully pursue a postsecondary education.

Thank you.

REFERENCES

Burtless, G. (1994). The employment prospects of welfare recipients, 1994. Washington, DC: The Urban Institute.

Gittell, M. and Covington, S. (1993, September). Higher education in JOBS: An option or an opportunity? A comparison of nine states. New York: Howard Samuels State Management and Policy Center of City University of New York.

Gittell, M., Gross, J., and Holdaway, J. (1993, September). Building human capital: The impact of postsecondary education on AFDC recipients in five states. New York, NY: Howard Samuels State Management and Policy Center of City University of New York.

Gittell, M., Schehl, M., and Fareri, C. (1990, March). From welfare to independence: The college option. New York, NY: Howard Samuels State Management and Policy Center of City University of New York.

Greenberg, M. (1993). The devil is in the details. Washington, DC: Center for Law and Social Policy (CLASP).

Kates, E. (1993, November). Access to higher education project: Final report. Northampton, MA: Project on Women and Social Change, Smith College.

Kates, E. (1991). More than survival: Access to higher education for low income women. Washington, DC: Center for Women Policy Studies.

Shea, M. (1992, November). Characteristics of recipients and the dynamics of program participation: 1987-1988. Washington, DC: U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Census.

Sherman, A. (1990, January). College access and the JOBS program. Washington, DC: Center for Law and Social Policy

ISBN 0-16-046921-x

9 780160 469213 90000